EVOLUTION ENERGY MINERALS

EVOLUTION ENERGY MINERALS LIMITED
ACN 648 703 548

Prospectus

For the offer of 110,000,000 New Shares at an issue price of $0.20 per New Share (**Offer Price**), to raise not less than $22,000,000, before costs (**Offer**) comprising:

(a) a general offer of 70,000,000 New Shares at the Offer Price to raise $14,000,000 (**General Offer**);

(b) a priority offer of up to approximately 10,000,000 New Shares (up to approximately $2,000,000) to Eligible Marvel Shareholders (forming part of the General Offer) (**Priority Offer**); and

(c) an offer to the Cornerstone Investor of 40,000,000 New Shares at the Offer Price to raise $8,000,000 (**Cornerstone Offer**).

This Prospectus also contains certain ancillary offers of Securities as outlined in Section 10.8 of this Prospectus.

JOINT LEAD MANAGERS

CHIEFTAIN SECURITIES

ASHANTI CAPITAL

IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay before deciding whether to apply for Securities pursuant to this Prospectus.

The Securities offered by this Prospectus should be considered highly speculative.

Contents

Important Notices

OFFER

This Prospectus is issued by Evolution Energy Minerals Limited (**Company** or **Evolution**) for the purpose of Chapter 6D of the Corporations Act 2001 (Cth) (**Corporations Act**).

The offer contained in this Prospectus is an initial public offering (**Offer**) for the issue of fully paid ordinary shares in the capital of Evolution (**New Shares**). See Section 2 for further information on the Offer.

LODGEMENT AND LISTING

This Prospectus is dated 28 September 2021 and was lodged with ASIC on that date. Evolution will apply to ASX within 7 days of the date of this Prospectus date for admission of Evolution to the Official List and quotation of Shares on ASX.

ASIC and ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Applications for Securities may only be made with respect to the Priority Offer via a printed or electronic copy of the personalised Application Form which accompanies the electronic version of this Prospectus or the electronic application process, available from the Share Registry website at https://investor.automic.com.au/#/ipo/evolutionenergypriority, or with respect to the General Offer, on either a printed copy of the Application Form attached to, or accompanying this Prospectus, or via the electronic application process available from the Share Registry website at https://investor.automic.com.au/#/ipo/evolutionenergy. Full instructions on how to apply for New Shares and how to complete the Application Forms (or apply electronically) for both the Priority Offer and the General Offer are outlined in Section 2.8.

EXPIRY DATE

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

CONDITIONAL OFFER

The Offer contained in this Prospectus is conditional on certain events occurring. If these events do not occur, the Offer will not proceed and investors will be refunded their Application Monies without interest. Please refer to Section 2.5 for further details on the conditions attaching to the Offer.

NOT INVESTMENT ADVICE

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs.

It is important that you read this Prospectus carefully and in its entirety before deciding to invest in the Company. In particular, you should consider the risk factors outlined in Section 5 that could affect the performance of the Company. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional advice from your stockbroker, solicitor, accountant or other independent adviser before deciding to invest.

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus. Any information relating to the Offer that is not in this Prospectus may not be relied on as having been authorised by the Company or any other person in connection with this Offer. You should only rely on information in this Prospectus.

NO GUARANTEE OF CAPITAL OR INVESTMENT RETURNS

Except as required by law, and only the extent required, no person named in this Prospectus, nor any other person, warrants or guarantees the performance of the Company or the repayment of capital or any return on any investment made pursuant to this Prospectus. The Securities the subject of this Prospectus should be considered highly speculative.

EXPOSURE PERIOD

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act.

Applications for Securities under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. Pursuant to section 727(3) of the

Corporations Act, the Exposure Period is 7 days from the date of lodgement of this Prospectus with ASIC. ASIC may extend the Exposure Period by up to another 7 days. No preference will be conferred on applications lodged prior to the expiry of the Exposure Period.

NO "COOLING-OFF" RIGHTS

"Cooling-off" rights do not apply to an investment in Securities under this Prospectus. This means that, in most circumstances, you cannot withdraw your application once it has been accepted.

NO OFFERING WHERE OFFERING WOULD BE ILLEGAL

This Prospectus and an accompanying Acceptance Form do not, and are not intended to, constitute an offer of Securities in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. In particular, this document may not be distributed to any person and the Securities may not be offered or sold, in any country outside Australia except to the extent permitted in Section 10.6, which includes more details on selling restrictions that apply to the Offer and the sale of Securities in jurisdictions outside Australia.

No action has been taken to register or qualify the Securities or the Offer, or to otherwise permit a public offering of Securities in any jurisdiction outside Australia. This Prospectus has been prepared for publication in Australia and may not be released or distributed in the United States of America. The Securities being offered pursuant to this Prospectus have not been, and will not be, registered under the United States Securities Act of 1933, as amended (**US Securities Act**) or the securities laws of any state or other jurisdicti on of the United States and may not be offered or sold, directly or indirectly in the United States unless the Securities have been registered under the US Securities Act or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable laws.

See Section 10.6 for more details on selling restrictions that apply to the Offer and the sale of Securities in jurisdictions outside Australia.

OBTAINING A COPY OF THIS PROSPECTUS

A copy of this Prospectus can be downloaded from the website of the Company at www.evolutionenergyminerals.com.au. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must only access this Prospectus from within Australia, New Zealand, Mauritius, the United Kingdom, Hong Kong or Guernsey. The Prospectus is not available to persons in other jurisdictions (including the United States). If you access the electronic version of this Prospectus, you should ensure that you download and read the Prospectus in its entirety.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Persons having received a copy of this Prospectus in its electronic form may, before the Closing Date, obtain a hard copy of this Prospectus free of charge by contacting the Company by telephone on (08) 9200 3426 during office hours or by emailing the Company at info@ev1minerals.com.au. If you are eligible to participate in the Offer and are calling from outside Australia, you should call +61 8 9200 3426.

By making an application, you declare that you were given access to the Prospectus, together with an Application Form. The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, they were not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

WEBSITE

No document or information included on the Company's website is incorporated by reference into this Prospectus.

INVESTIGATING ACCOUNTANT'S REPORT ON FINANCIAL INFORMATION AND FINANCIAL SERVICES GUIDE

The provider of the Investigating Accountant's Report on the Financial Information is required to provide Australian retail investors with a financial services guide in relation to its independent limited review under the Corporations Act. The Investigating Accountant's Report and accompanying financial services guide are provided in Appendix 3.

FINANCIAL INFORMATION PRESENTATION

Section 6 sets out in detail the Financial Information referred to in this Prospectus. The basis of preparation of the Financial Information is set out in Section 6.2.

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles prescribed by the Australian Accounting Standards as adopted by the Australian Accounting Standards Board and interpretations issued by the International Accounting Standards Board.

The Financial Information in this Prospectus should be read in conjunction with, and it is qualified by reference to, the information contained in Sections 5 and 6 and Appendix 3.

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management.

No assurance is given that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur, and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company does not intend to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements, including the risk factors set out in Section 5.

COMPETENT PERSON'S STATEMENT - CHILALO ORE RESERVE ESTIMATE

The information in this Prospectus that relates to the Chilalo Ore Reserve Estimate is based on information compiled by Mr Anoop Antu Kachappilly and reviewed by Mr Karl van Olden, both employees of CSA Global at the time the Chilalo Ore Reserve Estimate was made. Mr van Olden takes overall responsibility for the information as Competent Person. Mr van Olden is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person as defined in the JORC Code. The Competent Person, Karl van Olden, has reviewed the Chilalo Ore Reserve Estimate and given permission for the publication of this information in the form and context in which it appears.

COMPETENT PERSON'S STATEMENT - CHILALO MINERAL RESOURCE ESTIMATE

The information in this Prospectus that relates to the Chilalo Mineral Resource Estimate is based on information compiled by Mr Grant Louw, under the direction and supervision of Dr Andrew Scogings. Mr Louw was a full-time employee of CSA Global and Dr Scogings was an Associate of CSA Global at the time the Chilalo Mineral Resource Estimate was made. Dr Scogings takes overall responsibility for Chilalo Mineral Resource Estimate. Dr Scogings is a Member of both the Australian Institute of Geoscientists and Australasian Institute of Mining and Metallurgy and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person as defined in the JORC Code. Dr Scogings consents to the inclusion of such information in this Prospectus in the form and context in which it appears.

THIRD PARTY PUBLICATIONS

Section 4 includes attributed statements from books, journals and comparable publications that are not specific to, and have no connection with, the Company. The authors of these books, journals and publications have not provided their consent for these statements to be included in this Prospectus, and the Company is relying upon ASIC Corporations (Consents to Statements) Instrument 2016/72 for the inclusion of these statements in this Prospectus without such consent having been obtained.

CONTRACT SUMMARIES

Summaries of contracts detailed in this Prospectus are included for the information of potential investors but do not purport to be complete and are qualified by the text of the contracts themselves.

PHOTOGRAPHS AND DIAGRAMS

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by the Company.

Diagrams used in this prospectus are illustrative only and may not be drawn to scale.

DEFINITIONS

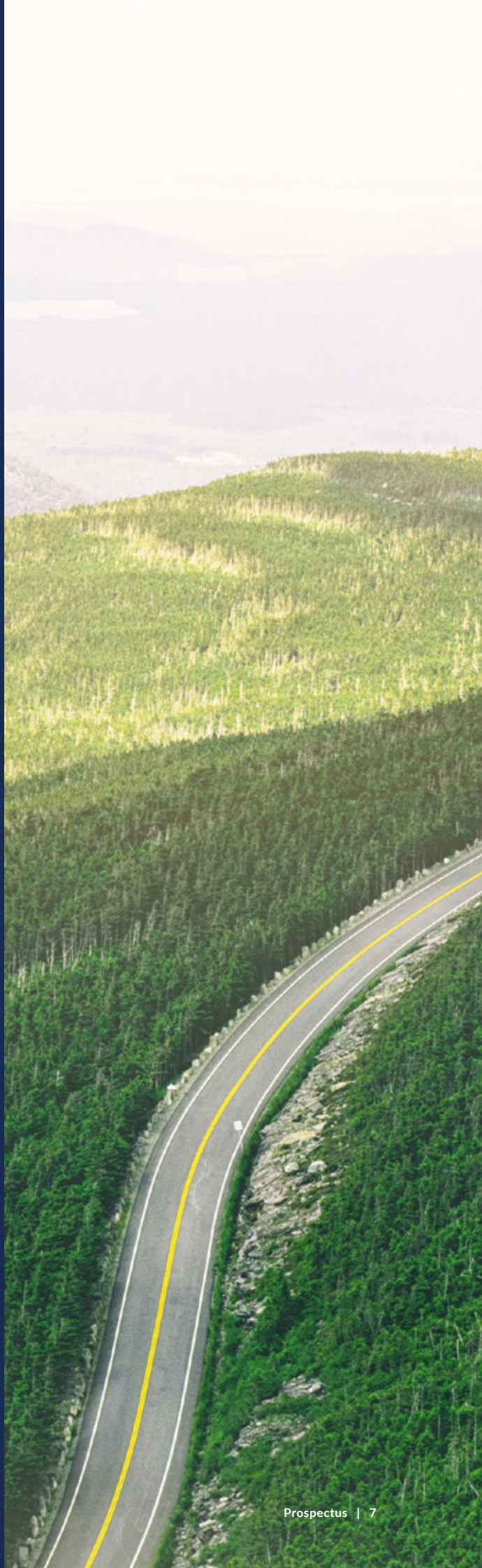
Capitalised terms used in this Prospectus are defined in Section 12.

CURRENCY, ROUNDING

All financial amounts contained in this Prospectus are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and sums and components in tables, figures and diagrams contained in this Prospectus are due to rounding.

QUESTIONS

Instructions on how to apply for New Shares are set out in Section 2.8 and on the back of the Application Form. If you have any questions about whether to invest in Evolution you should consult your financial, accounting, legal, tax and/or other professional advisers before deciding whether to invest in New Shares.



Chairman's Letter

DEAR PROSPECTIVE INVESTORS,

On behalf of the Directors, I am pleased to present this Prospectus and offer you the opportunity to become a Shareholder in Evolution Energy Minerals Limited.

Evolution's principal asset is the Chilalo Project located in south-east Tanzania and we are firmly focused on bringing the Chilalo Project into production.

The Chilalo Project is an advanced, development-ready project that we believe will become a premier source of world-class flake graphite products. Over $21,000,000 has already been spent on the Chilalo Project and a definitive feasibility study was completed in January 2020 which demonstrated the economic viability of the Chilalo Project with attractive returns. The initial public offering of a project at a construction ready stage such as the Chilalo Project represents a compelling investment opportunity.

We have assembled a balanced and well-respected Board of Directors and management team, with extensive experience in project development in Africa, capital markets and the graphite industry. Importantly, we have strong relationships with key stakeholders, including major players in the graphite market, end users, local communities and government.

Evolution will seek to build upon the extensive technical and graphite marketing work undertaken by the prior owners and adopt a similar project development philosophy focused on the graphite market and value-added products.

That philosophy will be enhanced by a strict adherence to high ESG standards. I would especially like to welcome ARCH Sustainable Resources Fund LP (acting by its general partner, ARCH Sustainable Resources GPCo Limited) (**ARCH SRF**) as a cornerstone Shareholder of Evolution, which has catalysed the Company's ESG focus. ARCH SRF's involvement, and our commitment to best practice ESG standards made pursuant to the Investment Deed (a summary of which is set out in Section 9.2), will ensure Evolution "walks the walk" when it comes to ESG.

With the growing demand for flake graphite and encouraging pricing trends, we believe the timing is right for the development of the Chilalo Project. The emerging battery minerals and clean energy themes are central to our strategy and underpin how we intend to conduct Evolution's business and create wealth for Shareholders.

On completion of the Offer, our key focus will be to progress the Chilalo Project towards a construction decision. We are also focused on increasing the current 18 year mine life of the Chilalo Project through a targeted drilling program and an assessment of further opportunities to further enhance the DFS Outcomes (discussed in Section 3.5). This work will see Evolution well positioned to become a vertically integrated manufacturer of sustainably produced, high-value graphite products.

This Prospectus includes detailed information about the initial public offering of 110,000,000 New Shares at $0.20 per New Share, to raise $22,000,000 (before costs) as well as further information on the Company and an overview of the key risks associated with an investment in Evolution (see Section 5). I urge you to read this Prospectus carefully and if you do not understand it you should consult your professional advisers before deciding whether to apply for Shares pursuant to this Prospectus. The Shares offered by this Prospectus should be considered highly speculative.

I look forward to welcoming new Shareholders to the Company as we seek to bring the Chilalo Project into production.

Yours sincerely,

Trevor Benson
Executive Chairman

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With the growing demand for flake graphite and encouraging pricing trends, we believe the timing is right for the development of the Chilalo Project.

Offer Information

KEY OFFER DETAILS

Offer Price per New Share	$0.20
Shares on issue as at the date of this Prospectus	50,000,000
New Shares to be issued pursuant to the Offer	110,000,000
Shares to be issued under the Ancillary Marketing Offer[1]	1,875,000
Total number of Shares on issue following the Offer[2]	**161,875,000**
Cornerstone Options to be issued pursuant to the Ancillary Cornerstone Offer[3]	20,000,000
Incentive Options on issue following the Offer[4]	14,600,000
JLM Options to be issued pursuant to the Ancillary JLM Offer[5]	7,500,000
Total number of Options on issue following the Offer	**42,100,000**
Gross proceeds of the Offer (before Offer-associated costs but after the Lend-er Debt Repayment and the Marvel Cash Consideration)[6]	$10,500,000
Indicative market capitalisation of the Company (undiluted basis) on completion of the Offer[7]	$32,375,000

1. Refer to Section 10.8 for further details relating to the Ancillary Marketing Offer and to Section 9.8.

2. Refer to Section 3.13 for further details relating to the proposed capital structure of the Company.

3. Refer to Section 10.8 for further details relating to the issue of the Cornerstone Options and Section 10.4 for their terms and conditions.

4. See Section 10.8 for further details relating to the issue of the Incentive Options and Section 10.4 for their terms and conditions.

5. See Section 10.8 for further details relating to the issue of the JLM Options to the Joint Lead Managers (or their nominees) and Section 10.4 for their terms and conditions.

6. Excludes proceeds from the grant of the Chilalo Project Royalty. Assumes Marvel Cash Consideration is $2,000,000 – refer to Section 9.1.

7. Market capitalisation is determined by multiplying the total number of Shares on issue by the price at which the Shares trade on the ASX from time to time. In the table above, the market capitalisation is calculated at the Offer Price (being $0.20) and on an undiluted basis (ie before any Options are exercised). There is no guarantee that Shares will trade at or above $0.20 upon the Company listing on ASX.

KEY DATES - INDICATIVE TIMETABLE*

28 SEP 2021	Lodgement of Prospectus with ASIC
4 OCT 2021	Priority Offer Record Date
7 OCT 2021	Opening Date of the Offer
25 OCT 2021	Closing Date of the Priority Offer
1 NOV 2021	Closing Date of the Offer (other than the Priority Offer)
9 NOV 2021	Completion of the Offer
15 NOV 2021	Expected date for quotation on ASX
16 NOV 2021	Expected date for despatch of holding statements

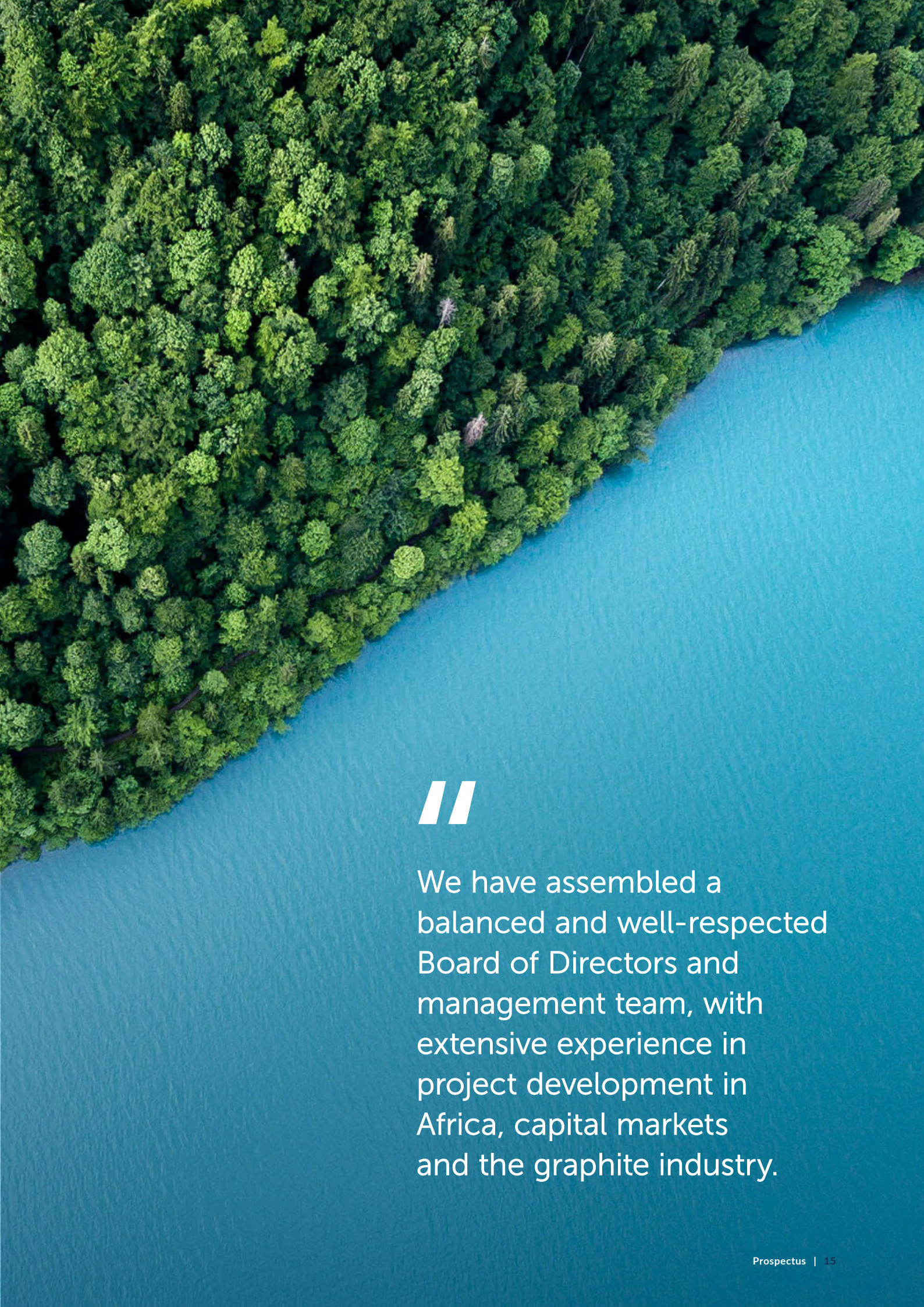
* These dates are indicative only and may change without notice. The Exposure Period may be extended by ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act. The Company, in agreement with the Joint Lead Managers, reserves the right to extend the Closing Date or close the Offer early without prior notice. The Company also reserves the right not to proceed with the Offer at any time before the issue of New Shares pursuant to this Prospectus.

01. Investment Overview

Item	Summary	Further information
A. Company		
Who is the issuer of this Prospectus?	Evolution Energy Minerals Limited (ACN 648 703 548) (**Company** or **Evolution**).	Section 3.1
Who is the Company and what does it do?	The Company is a public unlisted company limited by shares incorporated on 15 March 2021 as a wholly owned subsidiary of Marvel Gold Limited (ACN 610 319 769) (**Marvel Gold**) for the specific purpose of owning the Chilalo Project. At the date of this Prospectus, the Company is a wholly-owned subsidiary of Marvel Gold. On 17 September 2021, pursuant to the Share Exchange Agreement (summarised in Section 9.1), the Company acquired from Marvel Gold all of the shares in the capital of Evolution HoldCo delivering to Evolution a 100% interest in the Chilalo Project. In consideration for the acquisition of Evolution HoldCo (and, indirectly, the Chilalo Project), the Company agreed to issue 49,999,999 Shares and pay cash consideration of $2 million (or, if PL 11034/2017 is not reinstated on or before 31 December 2021, then $1 million) to Marvel Gold (**Marvel Cash Consideration**). Upon the Company's listing on the ASX, the only undertaking of the Company and the Evolution Group will be the advancement of the Chilalo Project.	Section 3.1 and 3.2
What is the Chilalo Project?	The Chilalo Project is a high-grade, coarse flake graphite project with excellent product quality. It is located in south-eastern Tanzania, East Africa, 100 km north of the border with Mozambique, approximately 180 km west of the coastal port city of Mtwara on the Indian Ocean and 400 km south of Tanzania's largest city, Dar es Salaam. The property is situated in the Ruangwa District of the Lindi Region. The Chilalo Project is fully permitted and on completion of the Offer, the key focus of the Company will be to progress the Chilalo Project towards a construction decision. A definitive feasibility study on the Chilalo Project was completed by Marvel Gold (then named Graphex Mining Limited) in January 2020. Refer to Section 3.5 for more information.	Sections 3.4, 3.5 and 3.7
What is the Company's interest in the Chilalo Project?	Through its ownership of Evolution HoldCo (and thereby the Evolution Group), the Company owns and controls 100% of the Chilalo Project.	Section 3.1 and 3.4
B. Business model		
What is the Company's strategy?	The Company's strategy is to increase the current 18 year mine life of the Chilalo Project through a targeted drilling program on the deposits located within the Chilalo Project and an assessment of further opportunities to enhance the outcomes of the DFS (discussed in Section 3.5) whilst pursuing the project finance necessary for development with a view to ultimately becoming a vertically integrated manufacturer of sustainably produced, high-value graphite products.	Section 3.3
What are the key business objectives of the Company?	The purpose of the Offer is to facilitate the Company's admission to the official list of ASX and to raise funding to position the Company to: • re-pay the Lender Debt and discharge the Lender Security (refer to Section 9.3); • pay the Marvel Cash Consideration for the acquisition of the Chilalo Project (refer to Section 9.1); • advance the Chilalo Project towards a construction decision (refer to Section 3.6 for more details); and • provide working capital for the Company.	Section 3.3

Item	Summary	Further information
What are the key dependencies of the Company's business model?	The key dependencies of the Company's business model include: • ongoing access to capital for the advancement of the Chilalo Project, especially in connection with a construction decision; • maintaining title to the tenements comprising the Chilalo Project; • maintaining existing (and securing additional) consents and approvals required to carry out exploitation and development activities; • completion of design and construction of efficient production and processing infrastructure within capital expenditure budgets; • sufficient worldwide demand for graphite and the Company being able to deliver the graphite products sought by end users; • the market price of graphite products remaining higher than the Company's costs of any future production (assuming successful development of the Chilalo Project by the Company); and • retaining and recruiting key personnel skilled in the mining and resources sector.	Section 3.9
C. Key benefits and key risks		
What are the key benefits of an investment in the Company?	The Directors are of the view that an investment in the Company offers the following non-exhaustive benefits: • subject to raising the Minimum Subscription, the Company will have sufficient funds to implement its graphite strategy as a standalone ASX listed entity; • the Company has a high quality graphite project in Tanzania, considered by the Directors to also be highly prospective for defining additional graphite deposits; • in recent years, there has been an increasing demand for so-called "battery minerals", including graphite; and • the Company has a highly credible and experienced team to progress exploration and accelerate development of the Chilalo Project.	Section 3

Item	Summary	Further information
What are the key risks of an investment in the Company?	The business, assets and operations of the Company, including following admission to the official list of ASX, are subject to risks that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in Shares. The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which the Board can effectively manage them is limited. • **Limited history:** The Company was only recently incorporated (15 March 2021) and has no operating history and limited historical financial performance. Shareholders should understand that mineral exploration and development are high-risk undertakings. No assurance can be given that the Company will achieve commercial viability through the successful exploration and/or development of the Chilalo Project. • **Tenure, access and grant of applications:** Mining and exploration tenements (including the mining interests) are subject to periodic renewal. There is no guarantee that current or future tenements and/or applications for tenements will be approved. The mining tenements underpinning the Chilalo Project are subject to the Tanzanian mining regulations. The renewal of a granted tenement is subject to the discretion of the relevant governmental authority in Tanzania. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company. • **Requirements for additional capital:** The Company's capital requirements depend on numerous factors. To develop the Chilalo Project, the Company will require further financing in addition to amounts raised pursuant to this Prospectus. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or adapt the scope of the development of the Chilalo Project. There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company. • **Graphite prices:** Changes in the market price of mineral commodities have historically fluctuated widely, and will affect the profitability of the Company's operations and its financial condition in the future, if and when the Company enters production. The Company's long term revenues, profitability and viability will depend on the market price of graphite products produced (if any) from the Chilalo Project. • **Sovereign risk – Tanzania:** The Chilalo Project is located in Tanzania and is subject to the risks associated with operating in foreign countries. There are risks attached to exploration and mining operations in a developing country like Tanzania which are not necessarily present in a developed country like Australia. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of (or interpretations of) law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, labour relations as well as government control over natural resources or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents. The Company may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality. There can be no guarantee that the Company will be able to generate a positive return for its Shareholders if an event occurs in Tanzania which materially adversely affects the value of the Chilalo Project. In Tanzania, the State retains ownership of the minerals and consequently retains control of the exploration and production of mineral resources. Accordingly, these operations may be materially affected by the government through royalty payments, export taxes and regulations, surcharges, value added taxes, production bonuses and other charges. Additional key risks are disclosed at Section 5.	Section 5



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We have assembled a balanced and well-respected Board of Directors and management team, with extensive experience in project development in Africa, capital markets and the graphite industry.

Item	Summary	Further information
D. Directors and Key Management Personnel		
Who are the Directors?	The Board comprises: • Mr Trevor Benson – Executive Chairman; • Mr Michael Bourguignon – Executive Director; • Mr Phil Hoskins – Non-executive Director (representative of Marvel Gold); and • Amanda van Dyke – Non-executive Director (nominated to the Board by ARCH SRF).	Section 7.1
Other Key Management Personnel	Other than the Directors listed above, the Company has the following Key Management Personnel: • Chris Knee – Chief Financial Officer; and • Stuart McKenzie – Company Secretary	Section 7.1 and 9.4
What experience do the Directors and Key Management Personnel have?	**Trevor Benson - Executive Chairman:** Trevor has over 30 years' experience within investment banking and stockbroking, specialising in the resources sector. He has also worked for large Australian and international corporations and held a number of directorships with ASX listed companies. Most recently he held the position of Executive Chairman for Tanzanian graphite developer, Walkabout Resources Ltd. Trevor's focus within the investment banking industry was within SE Asia and China specialising in merger and acquisitions and equity capital market transactions, and advising Australian and International companies, including being exclusive adviser to Chinese State-Owned Enterprises, and Hong Kong listed resource companies. He has cross border experience including Africa, UK, Hong Kong, and China and has advised and listed numerous ASX listed companies. **Michael Bourguignon - Executive Director:** Michael is a project management professional with extensive experience providing strategic direction and leadership in the successful delivery of projects, within the mining industry both in Australia and internationally, including 5 countries in Africa. Michael was the Project Manager for the construction of Syrah Resources' Balama graphite project in Mozambique, for Glencore's 3.6Mtpa copper concentrate facility at the Mopani Copper Mine in Zambia, and General Manager of the Tiger Resources development team delivering a world-class SX/EW Plant at Kipoi, in the DRC. Michael has over 20 years' experience in delivering projects. **Phil Hoskins - Non-Executive Director:** Mr Hoskins commenced his career at a large international accounting firm and has since gained corporate experience with both Australian and international listed companies. He is a senior executive with over 15 years of broad finance and commercial experience across resources exploration, project development and production as well as large-scale property developments requiring debt and equity financing. Phil has been the senior executive responsible for the development of the Chilalo Project since 2014, is currently the Managing Director of Marvel Gold Limited and has been appointed to the Board as Marvel Gold's nominee. **Amanda van Dyke - Non-Executive Director:** Ms van Dyke is currently the Managing Director of the Sustainable Resources Strategy, at ARCH Emerging Markets Partners Limited. Amanda has over 20 years of experience in commodity markets, first in mining-focused roles at Dundee Securities, Ocean Equities (now Pareto Securities) and GMP Securities, and later as the manager of an UCITS Gold and Precious Metals Fund at South River Asset Management, as well as other multi-asset and fixed income funds. Amanda has raised over US$500 million in debt and equity related finance for junior mining in her investment banking career in the United Kingdom and Canada and has covered projects worldwide. Amanda spent 5 years as the Chairperson of Women in Mining UK, and has authored numerous research reports on governance in the mining industry. Amanda was nominated by ARCH SRF to serve as a Director. **Chris Knee - Chief Financial Officer:** Chris is a qualified accountant and has over 15 years' broad experience in a multinational chartered accounting firm and a number of senior finance roles across the resources industry with projects in Africa, Canada and Central Asia. Chris has a range of experience across a variety of disciplines including joint ventures, international tax structuring, accounting and compliance, commercial contracts, project divestments and acquisitions. Chris is currently a Director of Superior Lake Resources Limited and Chief Financial Officer of Marvel Gold Limited, Lotus Resources Limited and Tanga Resources Limited. **Stuart McKenzie - Company Secretary:** Stuart has over 30 years of experience in senior commercial roles. He was previously Company Secretary with Anvil Mining Limited for almost six years, prior to which he held senior positions with Ok Tedi Mining Limited, Ernst and Young and HSBC. Mr McKenzie is also the Company Secretary of Marvel Gold, Lotus Resources Limited, Matador Mining Limited, Superior Lake Resources Limited and Tanga Resources Limited.	Section 7.1

Item	Summary	Further information
What are the Directors' interests in the Company?	Each Director's interest in the Company is set out at Section 7.2.	Section 7.2
Has the Company adopted an employee incentive scheme?	The Company has adopted the "Evolution Energy Minerals Limited Option Plan" (**Option Plan**). A summary of the key terms and conditions of the Option Plan is set out in Section 10.5.	Section 10.5
What related party agreements is the Company party to?	The Company has entered into agreements with each of Mr Trevor Benson (Executive Chairman) and Mr Michael Bourguignon (Executive Director), together with letters of appointment with each of the Non-Executive Directors (Mr Phil Hoskins and Ms Amanda van Dyke). The Company has also entered into Deeds of Indemnity, Insurance and Access with each of the Directors. These agreements are summarised in Sections 7.4, 9.6 and 9.7.	Sections 7.4, 9.6 and 9.7
Who are the key Shareholders of the Company?	Upon completion of the Offer, both Marvel Gold and ARCH SRF will be substantial Shareholders of the Company. See Section 3.14 for more information.	Section 3.14
Are there any agreements between key Shareholders and the Company?	Yes. The Company has entered into: • the Share Exchange Agreement with Marvel Gold (see Section 9.1 for more information); and • the Investment Deed, Royalty Deed and Voluntary Escrow Deed with ARCH SRF (see Section 9.2 for more information).	Section 9.1 and 9.2
How will the Company report to Shareholders on the performance of its activities?	The Company will send its Shareholders an annual report and will also release information to Shareholders in accordance with the continuous and periodic disclosure requirements of the Listing Rules. Further information regarding the Company will be available on the ASX announcements platform at www.asx.com.au and will also be available on the Company's website at www.evolutionenergyminerals.com.au.	Section 10.12
Will the Company pay dividends?	The Board anticipates that significant expenditure will be incurred on activities associated with advancement of the Chilalo Project. These activities, together with the possible acquisition of interests in other projects, are expected to dominate at least the first two year period following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends during that period.	Section 2.17
E. Financial Information		
How has the Company performed over the past 12 months?	The Company was incorporated on 15 March 2021 and has no operating history and limited historical financial performance. Pro forma historical financial information for the Company is derived from the financial statements of Marvel Gold and is set out in Section 6.	Section 6
What is the financial outlook for the Company?	Given the current status of the Company, the Directors do not consider it appropriate to provide specific financial forecasts in relation to earnings or profits.	Sections 6 and 10.14
F. The Offer		
What is being offered?	The Offer is an initial public offering of 110,000,000 New Shares at the Offer Price to raise $22,000,000 (before costs). The Offer comprises: • the General Offer, which is open to all applicants with a registered address in Australia and certain applicants in New Zealand, Mauritius, the United Kingdom, Hong Kong and Guernsey; • the Priority Offer, which is available to Eligible Marvel Shareholders; and • the Cornerstone Offer, which is being made to ARCH SRF in accordance with the Investment Deed. The Minimum Subscription under the Offer is $22,000,000. The purpose of the Offer is to facilitate an application by the Company for admission of the Company to the official list of ASX and to position the Company to seek to achieve the objectives stated at Section B of this Investment Overview. The Board believes that on completion of the Offer the Company will have sufficient working capital to achieve its stated business objectives.	Section 2

Item	Summary	Further information
Who is an Eligible Marvel Shareholder?	Marvel Shareholders who are registered as a holder of Marvel Shares on the Priority Offer Record Date (being 4 October 2021) and are eligible under all applicable laws of Australia, New Zealand, Mauritius, the United Kingdom, Hong Kong and Guernsey to receive an offer under the Priority Offer.	Section 2.3
What are the Ancillary Offers?	In addition to the Offer, this Prospectus also contains the following Ancillary Offers: • the offer of 20,000,000 Cornerstone Options to ARCH SRF; • the offer of 14,600,000 Incentive Options to Directors and Key Management Personnel (in the case of the Directors, subject to the approval of the Company's current Shareholder, Marvel Gold); and • the offer of 7,500,000 JLM Options to the Joint Lead Managers (or their nominees); and • the offer of 1,875,000 Shares to the Marketing Advisor. The Ancillary Offers are being made to ensure the on-sale of Securities as detailed in Section 10.8 does not require a disclosure document under the Corporations Act.	Section 10.8
Is the Offer underwritten?	No, the Offer is not underwritten.	Section 2.14
Who are the Joint Lead Managers?	Chieftain Securities (WA) Pty Ltd and Ashanti Capital Pty Ltd have been appointed as Joint Lead Managers to the Offer. The Joint Lead Managers are entitled to the fees and benefits described in Section 9.5.	Section 9.5

How do I apply for Shares under the Offer?	Application for New Shares under the Offer must be made using the relevant Application Form as follows:
	• using the appropriate Application Form available online at:
	  • https://investor.automic.com.au/#/ipo/evolutionenergy; or
	  • https://investor.automic.com.au/#/ipo/evolutionenergypriority; or
	• completing a paper-based application using the Application Form attached to, or accompanying, this Prospectus or a printed copy of the Application Form attached to the electronic version of this Prospectus.
		Section 2.8

What is the allocation policy?	Subject to the terms of the Priority Offer, the Directors, in conjunction with the Joint Lead Managers, will have absolute discretion to determine the allocation of New Shares under the Offer, including to reject any application or to allocate any Applicant fewer New Shares than the number applied for. See Section 2.9 for more information.	Section 2.9
What will the Company's capital structure look like after completion of the Offer?	The Company's capital structure on a post-Offer basis is set out in Section 3.13.	Section 3.13
What are the terms of the New Shares offered under the Offer?	A summary of the material rights and liabilities attaching to the New Shares being offered under the Offer is set out in Section 10.3.	Section 10.3

Item	Summary	Further information
Will any of the Shares issued under the Offer be subject to escrow?	At the date of this Prospectus, the Company expects: • 50,000,000 Shares held by Marvel Gold to be subject to ASX-imposed escrow for a period of 24 months from listing on ASX (subject to any waiver of this requirement that ASX may grant following completion of the Offer); • 1,875,000 Shares to be issued to the Marketing Advisor to be subject to ASX-imposed escrow for a period of 24 months from listing on ASX; • 7,500,000 JLM Options to be issued to the Joint Lead Managers (or their nominees) to be subject to ASX-imposed escrow for a period of 24 months from listing on ASX (with the same mandatory restrictions applying to any Shares issued upon the exercise of the JLM Options for the balance of the escrow period); and • 12,950,000 Incentive Options to be issued to the Directors to be subject to ASX-imposed escrow for a period of 24 months from listing on the ASX (with the same mandatory restrictions applying to any Shares issued upon the exercise of the Incentive Options for the balance of the escrow period). Otherwise, the Board does not expect that any other Securities issued under the Offer will be subject to escrow under the ASX Listing Rules. In addition, the 40,000,000 New Shares and 20,000,000 Cornerstone Options to be issued to the Cornerstone Investor upon completion of the Offer will be subject to voluntary escrow between the Company and the Cornerstone Investor for a period of 12 months from the date of issue of those New Shares and Cornerstone Options, subject to the terms of the Voluntary Escrow Deed. See Section 9.2 for more information on the voluntary escrow arrangements under the Voluntary Escrow Deed.	Sections 2.11, 9.2, 9.5, 9.6, 9.7 and 9.8
What will the Company's free float be on Listing?	The Company's free float, being the percentage of Shares not subject to escrow and held by non-affiliated Shareholders (ie parties unrelated to the Company and its associates) at Listing will be approximately 43%. This estimate does not include any Shares that the Directors have indicated that they may subscribe for under the Offer (ie. if Directors acquire Shares under the Offer, the free float will decrease marginally).	Section 2.11
Will the Shares issued under the Offer be quoted?	The Company will make an application to ASX for quotation of all New Shares to be issued under the Offer, as well as the existing Shares.	Section 2.11
What are the key dates of the Offer?	The key dates of the Offer are set out in the indicative offer timetable in the Offer Information Section.	Offer Information Section
What is the minimum investment size under the Offer?	Applications under the Offer must be for a minimum of $2,000 worth of Shares (10,000 Shares) and thereafter, in multiples of $500 worth of Shares (2,500 Shares).	Section 2.8
Are there any conditions to the Offer?	Completion of the Offer under this Prospectus is subject to: • the Company raising the Minimum Subscription of $22,000,000; and • ASX approving the Company's application for admission to the Official List and the Company receiving conditional approval for Official Quotation of Shares, (together the **Conditions**). If the Conditions are not satisfied then the Offer will not proceed and the Company will repay all Application Monies received under the Offer within the time prescribed under the Corporations Act, without interest.	Section 2.5
Can the Offer be withdrawn?	The Directors may at any time decide to withdraw this Prospectus and the Offer, in which case the Company will return all Application Monies (without interest) in accordance with the requirements of the Corporations Act.	Section 2.19
G. Use of proceeds		
How will the proceeds of the Offer be used?	The Offer proceeds will be used: • for restructuring the Company's financing arrangements with the Lender through the full repayment of the Lender Debt (being $9.5 million); • for the payment of the Marvel Cash Consideration (being $2 million, or, if PL 11034/2017 is not reinstated on or before 31 December 2021, then $1 million) – refer to Section 9.1 for more information; • to continue the advancement of the Chilalo Project; and • for general working capital.	Section 2.6

<table>
<tr><th>Item</th><th>Summary</th><th>Further information</th></tr>
<tr><td>What is the Company's proposed expenditure program?</td><td>The Company's proposed expenditure program is outlined in Section 3.6.</td><td>Section 3.6</td></tr>
<tr><td>Will the Company be adequately funded after completion of the Offer?</td><td>On completion of the Offer, the Company will have a minimum cash balance of approximately $10,400,000 which the Directors believe will constitute sufficient working capital to carry out its stated business objectives in Section 3.3. It should however be noted that an investment in the Company is speculative and investors are encouraged to read the risk factors outlined in Section 5.</td><td>Section 2.6</td></tr>
<tr><td>What is the effect of the Offer on the capital structure of the Company?</td><td>The capital structure of the Company following completion of the Offer is summarised below.<table><tr><th></th><th>Number</th></tr><tr><td>Existing Shares on issue</td><td>50,000,000</td></tr><tr><td>New Shares to be issued pursuant to the Offer</td><td>110,000,000</td></tr><tr><td>Shares to be issued under the Ancillary Marketing Offer</td><td>1,875,000</td></tr><tr><td>Total Shares on issue following the Offer</td><td>161,875,000</td></tr></table>Following the Offer, the Company will also have 42,100,000 Options on issue (comprising 20,000,000 Cornerstone Options, 7,500,000 JLM Options and 14,600,000 Incentive Options). Refer to Section 3.13.</td><td>Sections 2 and 3.13</td></tr>
<tr><td colspan="3">H. Additional information</td></tr>
<tr><td>What material contracts is the Company a party to?</td><td>The material contracts of the Company are detailed in Section 9 of this Prospectus and include (among others):
Share Exchange Agreement with Marvel Gold;
Investment Deed, Royalty Deed and Voluntary Escrow Deed with ARCH SRF; and
Deed of Consent with the Lender.</td><td>Section 9</td></tr>
<tr><td>Is there any brokerage, commission or stamp duty payable by Applicants?</td><td>No brokerage, commission or duty is payable by Applicants on the acquisition of New Shares under the Offer.</td><td>Sections 2.7 and 2.16</td></tr>
<tr><td>What are the tax implications of investing in Shares?</td><td>Shares may be subject to Australian tax on dividends and possibly capital gains tax on a future disposal of the New Shares issued under this Prospectus.
The tax consequences of any investment in New Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to subscribe for New Shares offered under this Prospectus.</td><td>Section 2.7</td></tr>
<tr><td>What are the corporate governance principles and policies of the Company?</td><td>To the extent applicable, taking account of the Company's size, the Company has adopted The Corporate Governance Principles and Recommendations (4th Edition) as published by ASX Corporate Governance Council (Recommendations).
The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined in Section 8, including the ESG Committee Charter.
In addition, the Company's full Corporate Governance Plan is available from the Company's website www.evolutionenergyminerals.com.au.
Prior to listing on the ASX, the Company will announce its main corporate governance policies and practices and the Company's compliance and departures from the Recommendations.</td><td>Section 8</td></tr>
<tr><td>Where can I find more information?</td><td>By speaking to your sharebroker, solicitor, accountant or other independent professional adviser;
By contacting the Company Secretary on +61 8 9200 3426; or
By contacting the Share Registry on 1300 288 664 (within Australia) or +61 (2) 9698 5414 (from outside Australia).</td><td></td></tr>
</table>

This Section is a summary only and not intended to provide full information for investors intending to apply for New Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.


MODEL S

02. Details of the offer

2.1 THE OFFER

Pursuant to this Prospectus, the Company invites applications for 110,000,000 New Shares at the Offer Price to raise $22,000,000 before costs (**Offer**).

The minimum amount which must be raised under the Offer is $22,000,000 (**Minimum Subscription**). If the Minimum Subscription has not been raised within 4 months after the date of this Prospectus, the Company will not issue any New Shares under the Offer and will repay all application monies under the Offer within the time prescribed under the Corporations Act, without interest.

The New Shares offered under this Prospectus will rank equally in all respects with the existing Shares on issue. A summary of the material rights and liabilities attaching to the Shares is set out in Section 10.3.

The Offer comprises the General Offer (see Section 2.2), the Priority Offer (see Section 2.3) and the Cornerstone Offer (see Section 2.4). Members of the public wishing to apply for New Shares under the Offer must do so through the General Offer.

Applications for New Shares under the Cornerstone Offer must be made on the Cornerstone Offer Application Form, applications for New Shares under the Priority Offer must be made on the Priority Offer Application Form and applications for New Shares under the General Offer must be made on the General Offer Application Form. Details of how to apply for New Shares and the allocation policy under the Offer are set out in Sections 2.8 and 2.9.

2.2 GENERAL OFFER

The Offer includes a General Offer to the public of 70,000,000 New Shares to raise $14,000,000 (before costs).

The General Offer is open to all Applicants with a registered address in Australia and certain applicants in New Zealand, Mauritius, the United Kingdom, Hong Kong and Guernsey. Applications lodged by Eligible Marvel Shareholders under the Priority Offer will form part of the General Offer.

2.3 PRIORITY OFFER

The Offer includes a Priority Offer to Eligible Marvel Shareholders of up to approximately 10,000,000 New Shares to raise a maximum of approximately $2,000,000 (**Priority Allocation**). Eligible Marvel Shareholders can apply for as many New Shares as they wish. If applications received from Eligible Marvel Shareholders under the Priority Offer are in excess of the Priority Allocation, allocations under the Priority Offer will operate as follows:

(a) All Eligible Marvel Shareholders that apply under the Priority Offer will receive a minimum of 10,000 New Shares to the value of $2,000 (subject to the Company exercising its discretion where there is evidence or suspicion of manipulation of this application right (for example, share splitting).1

(b) Subject to Section 2.3(a), New Shares issued within the Priority Allocation will be allocated by the Board, in consultation with the Marvel Gold board of directors, taking account of the relative valuation of New Shares applied for and the relative value of the Eligible Marvel Shareholder's holding of Marvel Shares at the Record Date.

Applications that are not fully satisfied under the Priority Offer will be treated as an application under the General Offer in respect of any New Shares applied for but not issued under paragraphs 2.3(a) and 2.3(b). The allocation policy in Section 2.9 will apply to such excess Applications.

New Shares not subscribed for, and applications from Eligible Marvel Shareholders not accepted by the Company, under the Priority Offer will be available for subscription under the General Offer.

Shareholders of Marvel Gold who receive this Prospectus outside Australia may be unable to participate in the Priority Offer as described in the Important Notice section of this Prospectus, including on the basis that they are not an Eligible Marvel Shareholder.

2.4 CORNERSTONE OFFER

The Offer includes an offer to the Cornerstone Investor of 40,000,000 New Shares to raise $8,000,000 (**Cornerstone Offer**). The Cornerstone Investor has committed to subscribe for New Shares under the Cornerstone Offer, subject to the Company successfully raising $14,000,000 pursuant to the General Offer by 30 November 2021, in accordance with the terms of the Investment Deed summarised in Section 9.2.

The New Shares issued under the Cornerstone Offer will be issued immediately prior to the time that the New Shares under the Priority Offer and the General Offer are issued.

1. At the date of this Prospectus, Marvel Gold has approximately 1,300 shareholders. If more than 1,000 Eligible Marvel Shareholders apply for New Shares under the Priority Offer, this will result in more than 10,000,000 New Shares being issued. If so required, the Priority Allocation would be increased to accommodate these excess New Shares.

Only the Cornerstone Investor can accept the Cornerstone Offer. A personalised Cornerstone Offer Application Form will be made available to the Cornerstone Investor, together with a copy of this Prospectus.

No brokerage, commission or stamp duty is payable by the Cornerstone Investor on subscription or issue of New Shares issued pursuant to the Cornerstone Offer.

Completed Cornerstone Offer Application Forms should be received by the Share Registry prior to 3:00pm (AWST) on the Closing Date.

2.5 CONDITIONS OF THE OFFER

Completion of the Offer under this Prospectus is subject to:

- the Company raising the Minimum Subscription; and
- ASX approving the Company's application for admission to the Official List and the Company receiving conditional approval for Official Quotation of the New Shares,

(together the **Conditions**).

If the Conditions are not satisfied then the Offer will not proceed and the Company will repay all Application Monies received under the Offer within the time prescribed under the Corporations Act, without interest.

2.6 SOURCES AND USES OF FUNDS

The Company intends to apply funds raised from the Offer (together with funds received for the grant of the Chilalo Project Royalty) following admission of the Company to the Official List as shown in Table 1 below:

Table 1: Sources and uses of funds

	Minimum Sub-scription of $22,000,000	Percentage of funds (%)
Sources		
Funds raised from the Offer	$22,000,000	92%
Grant of Chilalo Project Royalty [1]	$2,000,000	8%
Total	**$24,000,000**	**100%**
Allocation		
Lender Debt Repayment [2]	$9,500,000	40%
Marvel Cash Consideration [3]	$2,000,000	8%
Offer-associated costs [4]	$2,114,744	9%
Exploration and tenement costs [5]	$1,500,000	6%
DFS optimisation [5]	$1,000,000	4%
Downstream studies / investments in downstream opportuni-ties [5]	$2,500,000	10%
Graphite product qualification and marketing costs [5]	$450,000	2%
ESG compliance	$400,000	2%
Early works [5]	$1,100,000	5%
Working capital [6]	$3,435,256	14%
Total	**$24,000,000**	**100%**

1.Refer to Section 9.2 for further details.

2.Refer to Section 9.3 for further details.

3.Refer to Section 9.1 for further details. If PL 11034/2017 is not reinstated on or before 31 December 2021, the Marvel Cash Consideration is reduced to $1,000,000 and the remaining $1,000,000 will be applied to working capital.

4.Refer to Section 10.11 for further details. The Offer-associated costs comprise $1,012,476 in direct costs of the Offer, reimbursement of costs incurred by Marvel Gold on behalf of Evolution in connection with the Chilalo Project, JLM costs of $600,000 and estimated commissions of $181,400 (see Section 2.16 for more information on commissions).

5.Refer to Section 3.6 and the Technical Expert's Report (Appendix 1) for further information on the proposed expenditure program and planned exploration activities for the Chilalo Project.

6.Working capital includes salaries and wages, operating and compliance costs, rents and other corporate costs with managing the Company, including legal and accounting costs.

It should be noted that the Company's budgets will be subject to modification on an ongoing basis. The results obtained from exploration and evaluation programs may lead to increased or decreased levels of expenditure on certain aspects of the Chilalo Project reflecting a change in emphasis.

Table 1 above is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances (such as corporate and project acquisition opportunities that become available to the Company from time to time) have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

As at the date of this Prospectus, the Company's current working capital is not sufficient for the Company to continue as a going concern. Completion of the Offer will provide the Company with sufficient working capital to undertake planned activities for a period of at least 24 months.

Based on a minimum cash balance of approximately $10,400,000 (including funds raised under the Offer and from the Chilalo Project Royalty and net of Lender Debt Repayment, Marvel Cash Consideration and the costs associated with the Offer), the Directors believe the Company will have sufficient working capital to carry out its stated business objectives in Section 3.3. It should however be noted that an investment in the Company is speculative and investors are encouraged to read the risk factors outlined in Section 5.

2.7 TAXATION

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. It is not possible to provide a comprehensive summary of the possible taxation positions of all potential applicants. As such, all potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring New Shares from a taxation viewpoint and generally. To the maximum extent permitted by law, the Company, its officers and its advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for New Shares under this Prospectus.

No brokerage, commission or duty is payable by Applicants on the acquisition of New Shares under the Offer.

2.8 APPLICATIONS

Application for New Shares under the Offer must be made using the relevant Application Form as follows:

- using the appropriate Application Form available online at: https://investor.automic.com.au/#/ipo/evolutionenergy; or https://investor.automic.com.au/#/ipo/evolutionenergypriority; or
- completing a paper-based application using the Application Form attached to, or accompanying, this Prospectus or a printed copy of the Application Form attached to the electronic version of this Prospectus.

The Company will provide each Eligible Marvel Shareholder with further details on how to apply under the Priority Offer via letter or email, which will include a priority code to submit an application under the Priority Offer and details of how to download the electronic version of the Prospectus.

Application Forms must be completed in accordance with the instructions set out on the applicable form. Applications under the General Offer and the Priority Offer must be for a minimum of 10,000 New Shares (valued at $2,000) and thereafter in multiples of 2,500 New Shares (valued at $500) and payment for the New Shares must be made in full at the Offer Price.

It is the responsibility of Applicants outside Australia to obtain all necessary approvals for the allotment and issue of New Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained.

The Opening Date for the Offer is 7 October 2021 and the Closing Date for the Offer is 3:00pm AWST on 1 November 2021 (or 3:00pm AWST on 25 October 2021 in respect of the Priority Offer) or in both cases such earlier or later date as the Directors, in their absolute discretion, may determine. The Company reserves the right to extend the Closing Date or close the Offer early without notice, in each case in consultation with the Joint Lead Managers.

To the extent permitted by law, an application by an Applicant under the Offer is irrevocable.

If you require assistance in completing an Application Form, please contact the Share Registry on 1300 288 664 (within Australia) or +61 (2) 9698 5414 (from outside Australia).

Paper applications and payments by cheque

If you wish to make payment by cheque, the cheque must be made payable to "Evolution Energy Minerals Limited", drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable". The cheque must be mailed or delivered, together with the completed Application Form, to the address indicated on the Application Form.

If you are paying by cheque, your completed Application Form and accompanying cheque must reach the Share Registry at the address indicated on the form by the Closing Date. It is your responsibility to ensure that completed Application Forms and accompanying cheques are received before 3:00pm AWST on the Closing Date.

An original, completed and lodged Application Form, together with a cheque for the Application Monies, constitutes (i) an acknowledgement that you have received and read this Prospectus and (ii) a binding and irrevocable offer to subscribe for the number of New Shares specified in the Application Form. The Application Form does not need to be signed to be valid. If the Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Directors' decision as to whether to treat such an application as valid and how to construe, amend or complete the Application Form is final. However, an Applicant will not be treated as having applied for more New Shares than is indicated by the amount of the cheque for the Application Monies.

Online applications and payments by BPAY® or EFT

If you wish to make payment by BPAY® or by electronic funds transfer (**EFT**), you must apply online by following the instructions at the URLs set out above. Investors applying online will be directed to use an online Application Form and make payment by BPAY® or EFT.

Applicants paying by BPAY® will be given a BPAY® biller code and a unique customer reference number (**CRN**) to the online application once the Application Form has been completed. BPAY® payments must be made from an Australian dollar account of an Australian institution. You should be aware that you will only be able to make a payment via BPAY® if you are the holder of an account with an Australian financial institution which supports BPAY® transactions.

Applicants paying by EFT will be given a unique CRN to the online application once the Application Form has been completed. Applicants must follow the instructions on the online application to complete their EFT payment.

When completing your BPAY® or EFT payment, please make sure you use the specific biller code (in the case of a BPAY® payment) and your unique CRN provided on the online Application Form. If you do not use the correct CRN your application will not be recognised as valid.

If payment is not made via BPAY® or EFT, the application will be incomplete and will not be accepted. The online Application Form and BPAY® or EFT payment must be completed and received by no later than the Closing Date. It is your responsibility to ensure that payments are received by 3.00pm (AWST) on the Closing Date. Your bank, credit union or building society may impose a limit on the amount which you can transact on BPAY® or EFT, and policies with respect to processing BPAY® and EFT transactions may vary between banks, credit unions or building societies.

The Company accepts no responsibility for any failure to receive Application Monies by BPAY® or EFT before the Closing Date arising as a result of, among other things, processing of payments by financial institutions.

A completed and lodged Application Form, together with a BPAY® or EFT payment for the Application Monies, constitutes (i) an acknowledgement that you have received and read this Prospectus and (ii) a binding and irrevocable offer to subscribe for the number of New Shares specified in the amount of the Application Monies. If an Application Form is not completed correctly or if the accompanying payment is the wrong amount, the Company may, in its discretion, still treat the Application Form to be valid. The Company's decision to treat an application as valid, or how to construe, amend or complete it, will be final. However, and Applicant will not be treated as having applied for more New Shares than is indicated by the amount of the payment for the Application Monies.

You do not need to return any physical documents if you have made payment via BPAY® or EFT.

2.9 POWERS OF THE COMPANY IN RELATION TO APPLICATIONS

With the exception of the Cornerstone Investor and Eligible Marvel Shareholders (up to 10,000 New Shares), there is no assurance that any Applicant will be allocated any Shares, or the number of Shares for which the Applicant has applied. The Board may in its absolute discretion, without notice to any Applicant and without giving any reason:

- withdraw the Offer at any time before the issue of Securities to successful Applicants;

- decline an Application;
- accept an Application for its full amount or any lower amount;
- determine a person to be eligible or ineligible to participate in the Offers (including the Priority Offer);
- waive or correct any errors made by an Applicant in completing their Application Form;
- amend or waive the application procedures or requirements in compliance with applicable laws; or
- aggregate any Applications that they believe may be multiple Applications from the same person.

2.10 ALLOCATION POLICY

Subject to the terms of the Priority Offer (refer to Section 2.3), the Directors, in conjunction with the Joint Lead Managers, will have absolute discretion to determine the allocation of New Shares under the Offer, including to reject any application or to allocate any Applicant fewer New Shares than the number applied for.

The ranking of each component of the Offer in respect of allocations will be (in order):

- Cornerstone Offer;
- Priority Offer up to the Priority Allocation; and
- General Offer (including applications under the Priority Offer in excess of the Priority Allocation).

Allocations within the Priority Offer up to the Priority Allocation will be determined in accordance with the terms of the Priority Offer, as described in Section 2.3. The General Offer (including any allocations made in respect of the Priority Offer in excess of the Priority Allocation) will be capped at $14,000,000.

No New Shares will be issued to any Applicant pursuant to this Prospectus if, in the view of the Directors, to do so would result in a breach of the ASX Listing Rules, the Corporations Act or any other applicable law. Any decision on allocation will be made after the Exposure Period has ended. The Company may (subject to the discretion of the Directors and subject to receipt of applications from the following parties), without limitation, invite the following parties or their nominees to receive allocations under the General Offer (although the following does not represent an agreed commitment and the Company makes no representation as to what, if any, amount may be subscribed for by each party under the General Offer):

- Ashanti Investment Fund Pty Ltd (a wholly owned subsidiary of Ashanti Capital Pty Ltd) may participate in the General Offer for up to 4,250,000 New Shares ($850,000); and
- Chieftain Securities (WA) Pty Ltd may participate in the General Offer for up to 1,750,000 New Shares ($350,000), and Precision Opportunities Fund Ltd, an entity affiliated with Chieftain Securities (WA) Pty Ltd, may participate in the General Offer for up to a further 2,500,000 New Shares ($500,000).

The potential allocations above may not occur and the list is based on the Company's current intention to make invitations for the above parties to submit Application Forms. The Company reserves the right to make invitations to other parties. No decision has been made to allocate such New Shares and the above parties are not contractually bound to make any such Applications. No statement is made by or on behalf of any of the above parties as to whether they intend to apply for New Shares pursuant to the Offer.

Where the number of New Shares issued to an Applicant is less than the number applied for, or where no allotment is made, surplus Application Monies will be refunded, without interest, to the Applicant as soon as practicable after the Closing Date.

2.11 ASX LISTING AND RESTRICTED SECURITIES

Application for Official Quotation by ASX of the Shares will be made within 7 days after the date of this Prospectus.

If the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by ASIC, the Company will not issue any New Shares and will repay all Application Monies for the New Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares now offered for subscription.

Subject to the Company being admitted to the Official List, certain Securities will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation and would not be able to be sold, mortgaged, pledged, assigned or transferred for that period without the prior approval of the ASX. During the period in which

Our philosophy will be enhanced by a strict adherence to high ESG standards.

these Shares are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of their Shares in a timely manner.

As at the date of this Prospectus, the Company expects:

- 50,000,000 Shares held by Marvel Gold to be subject to ASX-imposed escrow for a period of 24 months from listing on ASX (subject to any waiver of this requirement that ASX may grant following completion of the Offer);
- 1,875,000 Shares to be issued to the Marketing Advisor to be subject to ASX-imposed escrow for a period of 24 months from listing on ASX;
- 7,500,000 JLM Options to be issued to the Joint Lead Managers (or their nominees) to be subject to ASX-imposed escrow for a period of 24 months from listing on the ASX (with the same mandatory restrictions applying to any Shares issued upon the exercise of the JLM Options for the balance of the escrow period); and
- 12,950,000 Incentive Options to be issued to the Directors to be subject to ASX-imposed escrow for a period of 24 months from listing on the ASX (with the same mandatory restrictions applying to any Shares issued upon the exercise of the Incentive Options for the balance of the escrow period).

Otherwise, the Board does not expect that any other Securities issued under, or in connection with, the Offer will be subject to escrow under the ASX Listing Rules.

Prior to the Company's Shares being admitted to quotation on the ASX, the Company will enter into restriction deeds with the recipients of restricted securities in accordance with Chapter 9 of the ASX Listing Rules and the Company will announce to ASX full details (quantity and duration) of the Securities required to be held in escrow.

In addition, the 40,000,000 New Shares and 20,000,000 Cornerstone Options to be issued to the Cornerstone Investor upon completion of the Offer will be subject to voluntary escrow arrangements between the Company and the Cornerstone Investor for a period of 12 months from the date of issue of those New Shares and Cornerstone Options, subject to the terms of the Voluntary Escrow Deed. See Section 9.2 for more information on the voluntary escrow arrangements under the Voluntary Escrow Deed.

The Company's free float, being the percentage of Shares not subject to escrow and held by non-affiliated Shareholders (ie parties unrelated to the Company and its associates) at Listing will be approximately 43%. This estimate does not include any Shares that the Directors have indicated that they may subscribe for under the Offer (ie if Directors acquire Shares under the Offer, the Company's free float will decrease marginally).

2.12 ISSUE OF NEW SHARES

Subject to the Conditions in Section 2.5 being met, the issue of New Shares offered by this Prospectus will take place as soon as practicable after the Closing Date.

Pending the issue of the New Shares or payment of refunds pursuant to this Prospectus, all Application Monies will be held by the Company in trust for Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holdings statements will be despatched as required by ASX. It is the responsibility of the Applicant to determine their allocation prior to trading in the Shares. Applicants who sell the Shares before they receive their holding statement will do so at their own risk.

2.13 FOREIGN OFFER RESTRICTIONS

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions.

No action has been taken to register or qualify the New Shares or otherwise permit a public offering of the New Shares the subject of this Prospectus in any jurisdiction outside Australia. The Offer is not an offer or invitation in any jurisdiction where, or to any person to whom, such an offer or invitation would be unlawful.

This Prospectus may not be released or distributed in the United States or elsewhere outside Australia except to institutional and sophisticated investors to whom the Offer may lawfully be made in accordance with the laws of any applicable jurisdiction to the extent provided in Section 10.6.

Each Applicant will be taken to have represented, warranted and agreed as follows:

- it understands that the New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or resold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable US securities laws;
- it is not in the United States;
- it has not sent and will not send the Prospectus or any other material relating to the Offer to any person in the United States; and
- it will not offer or sell the New Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and in compliance with all applicable laws in the jurisdiction which New Shares are offered and sold.

For more information on selling restrictions which apply to the Offer, refer to Section 10.6.

2.14 UNDERWRITING

The Offer is not underwritten.

2.15 INTERESTS OF THE JOINT LEAD MANAGERS IN THE OFFER

Chieftain Securities (WA) Pty Ltd and Ashanti Capital Pty Ltd have been appointed as Joint Lead Managers to the Offer on the terms and conditions summarised in Section 9.5.

There are, as at the date of this Prospectus, no ongoing mandates between the Company and the Joint Lead Managers for services beyond the Offer.

As at the date of this Prospectus, the Joint Lead Managers do not have any interest in the Securities of the Company outside of the JLM Options to be issued to the Joint Lead Managers (or their nominees) pursuant to the JLM Mandate, as discussed in Section 9.5.

The Ashanti Investment Fund Pty Ltd (a wholly owned subsidiary of Ashanti Capital Pty Ltd) may be invited to subscribe for up to 4,250,000 New Shares under the Offer (although that is not an agreed commitment). If New Shares are issued to Ashanti Investment Fund Pty Ltd, Ashanti Capital Pty Ltd will have a relevant interest and voting power in them.

Chieftain Securities (WA) Pty Ltd may be invited to subscribe for up to 1,750,000 New Shares, in aggregate, under the Offer (although that is not an agreed commitment). If those New Shares are issued, Chieftain Securities (WA) Pty Ltd would have a relevant interest and voting power in those New Shares.

2.16 COMMISSIONS

The Company reserves the right to pay a commission of up to 4% (exclusive of goods and services tax) of amounts subscribed through any licensed securities dealers or Australian financial services licensee in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee.

2.17 DIVIDEND POLICY

The Board anticipates that significant expenditure will be incurred on activities associated with advancement of the Chilalo Project. These activities, together with the possible acquisition of interests in other projects, are expected to dominate at least the first two-year period following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends during that period.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Board and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

2.18 ADDITIONAL ASSETS

If future opportunities that the Board considers appropriate arise, the Company may apply for or acquire additional assets. No such additional assets have been identified by the Board as at the date of this Prospectus.

2.19 WITHDRAWAL

The Directors may at any time decide to withdraw this Prospectus and the Offers in which case the Company will return all Application Monies (without interest) in accordance with the requirements of the Corporations Act.

2.20 ENQUIRIES

This Prospectus provides information for potential investors in the Company and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or independent financial adviser.

Enquiries from Australian resident investors relating to this Prospectus, or requests for additional copies of this Prospectus, should be directed to the Company Secretary via +61 8 9200 3426.

03. Overview of the Company and the Chilalo Project

3.1 BACKGROUND

The Company is a public unlisted company limited by shares incorporated on 15 March 2021 as a wholly owned subsidiary of Marvel Gold Limited (ACN 610 319 769) (**Marvel Gold**) for the specific purpose of owning the Chilalo Project. At the date of this Prospectus, the Company is a wholly-owned subsidiary of Marvel Gold.

On 17 September 2021, pursuant to the Share Exchange Agreement (summarised in Section 9.1), the Company acquired from Marvel Gold all of the shares in the capital of Evolution HoldCo, delivering to Evolution a 100% interest in the Chilalo Project. In consideration for the acquisition of Evolution HoldCo (and, indirectly, the Chilalo Project), the Company agreed to issue 49,999,999 Shares and pay cash consideration of $2 million (or, if PL 11034/2017 is not reinstated on or before 31 December 2021, then $1 million) to Marvel Gold (**Marvel Cash Consideration**).

Through its ownership of Evolution HoldCo (and thereby the Evolution Group), the Company owns and controls 100% of the Chilalo Project.

The Company's Board comprises:

- Trevor Benson, Executive Chairman;
- Michael Bourguignon, Executive Director;
- Phil Hoskins, Non-Executive Director; and
- Amanda van Dyke, Non-Executive Director.

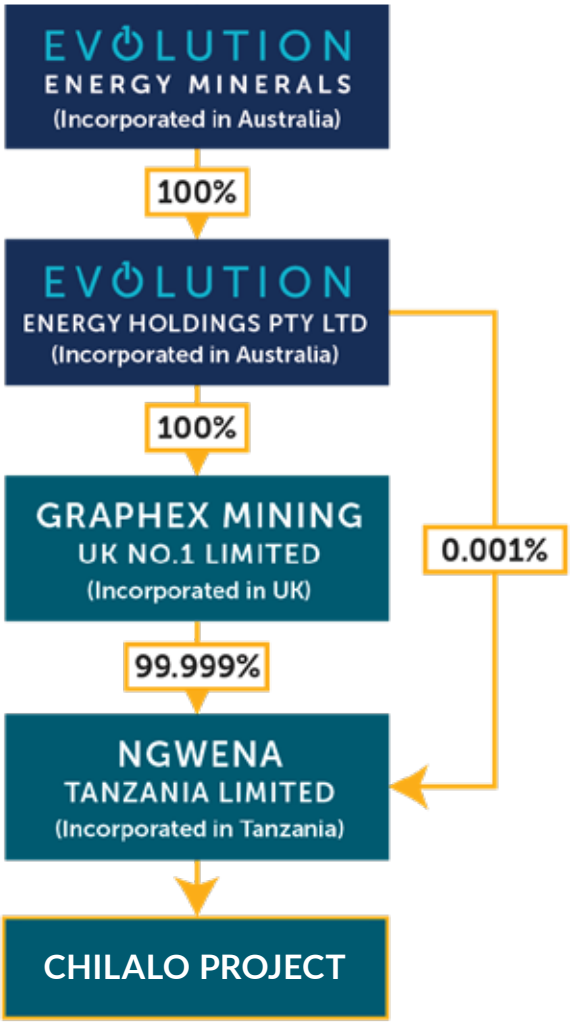
The Company Secretary is Stuart McKenzie.

Further information on the Board is set out in Section 7.1.

3.2 CORPORATE STRUCTURE

The corporate structure of the Company and the Evolution Group is as set out in the following diagram:

Figure 1



3.3 OVERARCHING STRATEGY AND PURPOSE OF THE OFFER

The Company's strategy is to increase the current 18 year mine life of the Chilalo Project through a targeted drilling program on the deposits located within the Chilalo Project and an assessment of further opportunities to enhance the outcomes of the DFS (discussed in Section 3.5) whilst pursuing the project finance necessary for development with a view to ultimately become a vertically integrated manufacturer of sustainably produced, high-value graphite products.

The purpose of the Offer is to facilitate the Company's admission to the official list of ASX and to raise funding to position the Company to:

- re-pay the Lender Debt and discharge the Lender Security (refer to Section 9.3);
- pay the Marvel Cash Consideration for the acquisition of the Chilalo Project (refer to Section 3.1);
- advance the Chilalo Project towards a construction decision (refer to Section 3.7 for more details); and
- provide working capital for the Company.

Refer to Section 2.6 for an explanation of the Company's proposed use of funds arising from the Offer.

3.4 CHILALO PROJECT

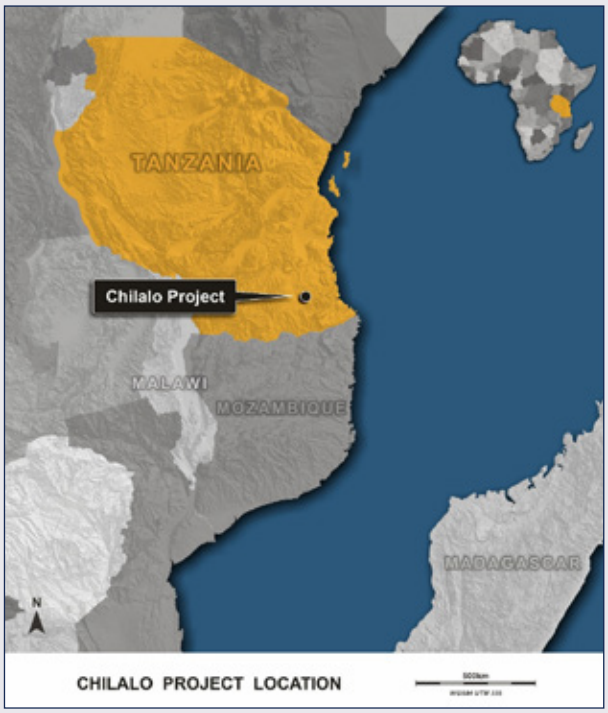
Project overview

Upon the Company's listing on the ASX, the only undertaking of the Company and the Evolution Group will be the advancement of the Chilalo Project.

The Chilalo Project is a high-grade, coarse flake graphite project with excellent product quality. It is located in south-eastern Tanzania, East Africa, 100 km north of the border with Mozambique, approximately 180 km west of the coastal port city of Mtwara on the Indian Ocean and 400 km south of Tanzania's largest city, Dar es Salaam, as shown in Figure 1. The property is situated in the Ruangwa District of the Lindi Region.

The Chilalo Project is fully permitted and on completion of the Offer, the key focus of the Company will be to progress the Chilalo Project towards a construction decision. A definitive feasibility study on the Chilalo Project was completed by Marvel Gold (then named Graphex Mining Limited) in January 2020. Refer to Section 3.5 for more information.

Figure 2



Tenements

As more specifically described in the Lawyer's Report (Appendix 2), the Chilalo Project comprises the tenements shown in Table 2 below.

Table 2: Chilalo Project tenements

Tenement Number	Tenement Name	Expiry Date	Status	Parties	Area (km2)
ML 569/2017	Chilalo ML	14-Feb-27	Granted – 4th Year	Ngwena Tanzania Limited (100%)	9.81
PL 9929/2014	Chikwale	07-Jul-21	Granted - Pending renewal *	Ngwena Tanzania Limited (100%)	24.02
PL 9946/2014	Machangaja	07-Jul-21	Granted - Pending renewal *	Ngwena Tanzania Limited (100%)	48.50
PL 11050/2017	Chilalo West	12-Mar-21	Granted - Pending renewal *	Ngwena Tanzania Limited (100%)	48.82
Total Area					**131.15**

*Ngwena Tanzania has paid the renewal fees for each of PL 9929/2014, 9946/2014 and PL 11050/2017. Please refer to the Lawyer's Report (Appendix 2) for more information.

Cancellation of PL 11034/2017

As announced to the ASX by Marvel Gold on 10 August 2021, Marvel Gold discovered that prospecting licence 11034/2017 (**PL 11034/2017**) (which previously formed part of the tenements comprising the Chilalo Project) had not been renewed despite Ngwena Tanzania having lodged a renewal application for PL 11034/2017 and having paid the required renewal rent in March 2021.[2]

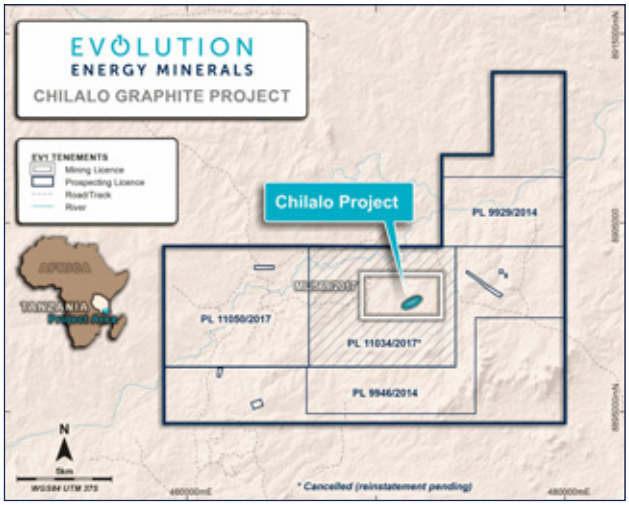
Following a due diligence process undertaken together with its Tanzanian legal counsel, the Company confirmed that PL 11034/2017 had been cancelled by the Tanzanian Mining Commission. Ngwena Tanzania has since requested from the Mining Commission a revocation of the cancellation of PL 11034/2017 and is undertaking other actions to have PL 11034/2017 reinstated, including through the pursuit of a judicial review action to nullify the cancellation.

None of the Chilalo Mineral Resources Estimate and the Chilalo Ore Reserve is attributable to the area covered by PL 11034/2017. Please refer to the Lawyer's Report (Appendix 2) for further information on the cancellation of PL 11034/2017.

Location of Tenements

The location of the tenement package comprising the Chilalo Project is shown in Figure 3. The hachured area in Figure 3 identifies the location of PL 11034/2017 which has been cancelled (as discussed above). Please refer to the Lawyer's Report (Appendix 2) for further information on the cancellation of PL 11034/2017.

Figure 3



2. Refer to the Marvel Gold ASX announcement of 10 August 2021, available from www.asx.com.au under the code "MVL"

Chilalo Mineral Resource Estimate

CSA Global has completed a Mineral Resource estimate (prepared and reported in accordance with the JORC Code) on the tenements comprising the Chilalo Project, reporting a high-grade mineral resource of 20.1Mt at 9.9% total graphitic carbon (**TGC**) for 1,991 Kt of contained graphite, as shown in Table 3 below (**Chilalo Mineral Resource Estimate**).

Table 3: Chilalo Mineral Resource Estimate *

Domain	JORC Code Clas-sification	Zone	Million Tonnes (Mt)	TGC (%)	Contained Graphite (Kt)
High Grade	Indicated	Main	9.2	10.6	982
		North East	1.0	9.5	100
		All	**10.3**	**10.5**	**1,082**
	Inferred	Main	7.4	9.5	704
		North East	2.3	8.8	205
		All	**9.8**	**9.3**	**908**
	Indicated + Inferred	**All**	**20.1**	**9.9**	**1,991**
Low Grade	Inferred	Main	37.8	3.4	1,282
		North East	9.5	4.1	394
		All	**47.3**	**3.5**	**1,677**
High Grade + Low Grade	**Indicated + Inferred**	**All**	**67.3**	**5.4**	**3,667**

*The Mineral Resource was estimated within constraining wireframe solids using a core high-grade domain defined above a nominal 5% TGC cut-off within a surrounding low-grade zone defined above a nominal 2% TGC cut-off. The resource is quoted from all classified blocks above a lower cut-off of 2% TGC within these wireframe solids. Differences may occur due to rounding.

For further information on the Chilalo Mineral Resource Estimate, refer to the Technical Expert's Report (Appendix 1), including for information material to understanding the estimate in relation to the criteria in Table 1 of the JORC Code.

Chilalo Ore Reserve Estimate

The Chilalo Project hosts an estimated (Proved and Probable) ore reserve of 9.2Mt at a grade of 9.9% TGC for 878Kt of contained graphite (prepared and reported in accordance with the JORC Code) (**Chilalo Ore Reserve Estimate**). The Chilalo Ore Reserve Estimate was prepared by a competent person in accordance with the requirements of the JORC Code and is set out in Table 4 below.

Table 4: Chilalo Ore Reserve Estimate

Deposit	JORC Code classification	Tonnes (Mt)	Grade TGC (%)	Contained Graphite (Kt)
Chilalo	Proved	-	-	-
	Probable	9.2	9.9	878
Total		**9.2**	**9.9**	**878**

For further information on the Chilalo Ore Reserve Estimate, refer to the Technical Expert's Report (Appendix 1), including for information material to understanding the estimate in relation to the criteria in Table 1 of the JORC Code.

3.5 CHILALO DFS

3.5.1 THE DFS

On 29 January 2020, Marvel Gold (then named Graphex Mining Limited) released an announcement (**DFS Announcement**) to ASX summarising the outcomes of a definitive feasibility study undertaken in respect of the Chilalo Project (**DFS**).

The DFS contained an assessment of the Chilalo Project and demonstrated the economic viability of the Chilalo Project with strong margins and a significant near-term value-add market opportunity.

Under the Share Exchange Agreement (refer to Section 9.1), Evolution acquired all of Marvel Gold's rights in the DFS and the materials and reports that form part of the DFS.

3.5.2 DFS OUTCOMES

The key outcomes of the DFS, as originally set out in the DFS Announcement, are as set out in Table 5 below (**DFS Outcomes**).

The column headed "Royalty Adjusted DFS Outcomes" is in addition to the outcomes in the DFS Announcement, and incorporates the Chilalo Project Royalty agreed by Evolution after the release of the DFS Announcement. Refer to Section 9.2 for further information on the Chilalo Project Royalty.

"

Evolution will seek to build upon the extensive technical and graphite marketing work undertaken by the prior owners and adopt a similar project development philosophy focused on the graphite market and value-added products.

Table 5: DFS Outcomes

Physicals	Unit	DFS Outcomes	Royalty Adjusted DFS Outcomes[4]
Mine life	Years	18	18
Total plant feed	Mt	8.9	8.9
Annual plant feed	ktpa	500	500
Average head grade	TGC %	10.1%	10.1%
Average graphite concentrate production[1]	ktpa	50	50
Steady state expandable graphite sales	ktpa	12	12
Steady state micronised graphite sales	ktpa	8	8
Project Financials	**Unit**	**DFS Outcomes**	**Royalty Adjusted DFS Outcomes[4]**
NPV (post-tax)	US$M	331	323
IRR (post-tax)	%	36%	34%
Post-tax payback period	years	3.5	3.6
Pre-production capital cost (incl. 10% contingency and pre-strip)	US$M	87.4	87.4
Average annual EBITDA	US$M	74	73

Product Segment Financials	Unit	Concentrate	Expandable Graphite	Micronised Graphite	Consolidated Production[3]	Royalty Adjusted DFS Outcomes[4]
Average sales price (FOB)	US$/t	1,534	5,690	2,802	2,500	2,500
C1 operating costs per tonne (FOB)[2]	US$/t	778	512	383	905	905
Operating margin	US$/t	756	5,178	2,419	1,595	1,595

1. Average graphite concentrate production includes graphite concentrate used as feedstock into both value-added products (ie. expandable graphite and micronized graphite).

2. Operating costs of expandable graphite and micronised graphite excludes the internal transfer price (purchasing feedstock from the Chilalo Project).

3. Consolidated Production shows the average sales price, operating costs and margin for the consolidated operation (ie. Inclusive of concentrate, expandable graphite and micronised graphite).

4. Adjustments made as a result of the Chilalo Project Royalty, executed after the release of the DFS Announcement.

The DFS Outcomes are based exclusively on the Chilalo Ore Reserve Estimate outlined above in Table 4 in Section 3.4. The Chilalo Ore Reserve Estimate underpinning the production targets comprised in the DFS Outcomes has been prepared by a Competent Person in accordance with the requirements in the JORC Code. No exploration targets or Inferred, Indicated or Measured Resources contribute to the DFS Outcomes. The DFS Outcomes are in no way reliant on PL 11034/2017.

Table 5 above states the DFS Outcomes (extracted from the DFS), together with an additional column showing the DFS Outcomes as adjusted to reflect the commitment by the Company of the Chilalo Project Royalty. This adjustment is shown on the basis that the payment of the Chilalo Project Royalty is a permanent commercial change in respect of the Chilalo Project. Further details in relation to the Chilalo Project Royalty are set out in the summary in Section 9.2.

3.5.3 MATERIAL ASSUMPTIONS UNDERPINNING THE DFS OUTCOMES

The DFS Outcomes are underpinned by assumptions as to material matters and inputs (**Key DFS Assumptions**), including as to pricing, costs, product qualification timeframes, production and sales ramp-up, in each case as identified and discussed in detail in the supporting information in Appendix 4 (**DFS Outcomes Supporting Information**). The DFS Outcomes Supporting Information underpins the Company's disclosure of the DFS Outcomes and is used by the Company as the main reference point for its re-assessment and analysis of the Key DFS Assumptions.[3]

The DFS Outcomes Supporting Information includes detailed information regarding the DFS, the DFS Outcomes and the Key DFS Assumptions, and prospective investors are encouraged to read the DFS Outcomes Supporting Information in order to assist with understanding the DFS Outcomes.

Taking into account the relatively short passage of time since the DFS and also the nature of the DFS (being a detailed study with a +/-15% accuracy tolerance), the Board and senior management of Evolution (including executives with extensive mining project execution expertise and graphite industry experience) have undertaken an assessment of the Key DFS Assumptions, and concluded that the Key DFS Assumptions continue to apply and have not materially changed.

In arriving at this conclusion, the Company confirms that none of the Chilalo Mineral Resource Estimate (refer to Section 3.4), the Chilalo Ore Reserve Estimate (refer to Section 3.4), the mine plan (refer to section 4 of the DFS Outcomes Supporting Information), the process flow sheet and process plant design (refer to section 6 of the DFS Outcomes Supporting Information) have changed, or need to change, as compared to the positions adopted in respect of those matters in the DFS. No changes have been made to mining and metallurgical processes, material movements, or annual production levels (refer to section 4 respectively of the DFS Outcomes Supporting Information). Accordingly, in adopting the DFS Outcomes the Company has not varied the operational matters that underpin any Key DFS Assumptions and confirms that the life of mine and the annual production levels (refer to section 4 of the DFS Outcomes Supporting Information) remain unchanged. In addition, the Tanzanian fiscal regime remains unchanged (refer to Section 3.11 below), with the result that taxes and duties applied in the DFS remain intact.

In addition, Evolution has critically re-assessed the following aspects of the Key DFS Assumptions.

Sales assumptions

Section 4 of the DFS Outcomes Supporting Information outlines the assumed graphite sales profile for the Chilalo Project. Section 12 of the DFS Outcomes Supporting Information also sets out the sales and marketing components of the operating cost estimate.

The Company has re-considered the sales assumptions used in the DFS and, based on industry analysis and inputs from industry specialists, concluded there have been no changes (either internal or external to the Chilalo Project) that materially affect or would materially affect, and it is not aware of any new information or data that materially affects or would materially affect, those sales assumptions.

Graphite pricing assumptions

Section 5 of the DFS Outcomes Supporting Information outlines average sales price assumptions for Chilalo graphite concentrate. Expandable graphite and micronised graphite pricing assumptions are also set out in section 10 respectively of the DFS Outcomes Supporting Information.

Evolution has obtained updated pricing indications from the same independent graphite market consultant and research institutions that provided pricing information as part of the DFS. Since the DFS Announcement, graphite prices initially experienced a general downturn coincident with the global economic downturn associated with the global coronavirus (**COVID-19**) pandemic. For a period, the pandemic resulted in reduced expenditure from consumers, industry and governments which, in turn, resulted in reduced demand for graphite products.

As governments around the world have implemented a variety of stimulus packages (including those aimed at infrastructure development), the steel industry has recovered quickly, with a commensurate recovery in demand and pricing for graphite (which is used in the steel making process). Electric vehicle production has also increased at a rapid pace through the end of 2020 and the beginning of 2021. This has supported demand for graphite and resulted in a recovery in graphite prices.

3. The DFS Outcomes Supporting Information in Appendix 4 is based on the DFS Announcement, and includes certain updates and excludes certain superseded information.

Based on industry analysis and inputs from industry specialists, the Company believes that the forward pricing assumptions adopted in the DFS remain reasonable.

Capital cost estimate

The Company has assessed the capital cost estimates for the Chilalo Project used in the DFS, as discussed in section 11 of the DFS Outcomes Supporting Information.

The DFS estimates were prepared in the third quarter of 2019, meaning the validity of any supplier quotes received will have expired in the ordinary course. However, the effects of COVID-19 on the global manufacturing, fabrication and construction industry resulted in a downturn in 2020, as many projects were suspended or cancelled. The usual increases in labour rates and material costs which are typical from year to year were not widely observed in 2020.

In addition, the Company notes that the DFS stands on its own as an executable project development strategy for the Chilalo Project, and there is no reason to revisit the process plant layout, flow sheet, equipment selection or quantities of materials used in the DFS. As a result, no variation in capital cost estimates are expected to occur by reason of these matters.

Based on industry analysis and inputs from industry specialists, the Company is satisfied that the capital cost estimates adopted for the DFS have not changed materially.

The Company intends to conduct further optimisation works with a view to determining if any part of the process or infrastructure can be streamlined without sacrificing safety, production or quality performance. The Company is also committed to ensuring all services and supply needs for the execution of the Chilalo Project development will be subject to competitive tenders as per AS 4120-1994, with a view to generating competitive tension between tenderers and keeping pricing to the lowest achievable levels.

Operating costs estimate

The Company has assessed the operating cost estimates for the Chilalo Project used in the DFS, as discussed in section 12 of the DFS Outcomes Supporting Information.

Based on updated pricing for a selection of operating cost components that has been obtained by the Company, Evolution believes that current pricing is highly consistent with the pricing included in the DFS. Taking into account industry analysis and inputs from industry specialists, the Company is satisfied that the estimates adopted for the DFS have not changed materially.

3.5.4 COMMERCIAL CHANGES TO DFS OUTCOMES

As part of the financing package agreed with ARCH SRF, Ngwena Tanzania entered into the Royalty Deed pursuant to which Ngwena Tanzania agreed to pay to ARCH SRF a 1.7% net sales return royalty (**Chilalo Project Royalty**), as further detailed in Section 9.2.

Table 5 in Section 3.5.2 above includes an additional column (not published as part of the DFS Announcement) showing the DFS Outcomes as adjusted to reflect the payment by Ngwena Tanzania of the Chilalo Project Royalty. This adjustment is shown on the basis that the payment of the Chilalo Project Royalty is a permanent commercial change in respect of the Chilalo Project.

The payment of the Chilalo Project Royalty does not impact the DFS Outcomes, other than in respect of anticipated financial outcomes including net revenue and financial metrics impacted by net revenue (eg EBITDA, NPV and IRR).

Evolution estimates the effect of the Chilalo Project Royalty on the DFS Outcomes to be a reduction to the NPV of approximately US$8 million, a 2% reduction in IRR and an immaterial impact to the payback period.

3.5.6 SENSITIVITY ANALYSIS

A series of sensitivities have been applied to certain of the DFS Outcomes to ascertain the impact of changes to certain factors influencing the financial metrics of the Chilalo Project.

The financial sensitivity analysis undertaken on the Chilalo Project examined sensitivity to sales prices, feed grade of ore being processed, site operating costs and development and sustaining capital costs. The results of the sensitivity of the NPV and IRR to changes in various inputs are displayed in the charts in Figures 4 and 5 below.

Figure 4

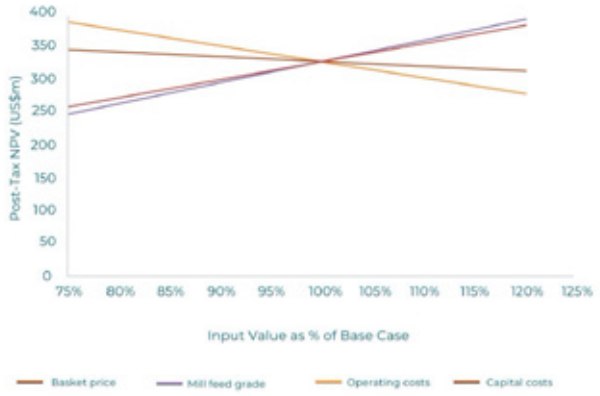
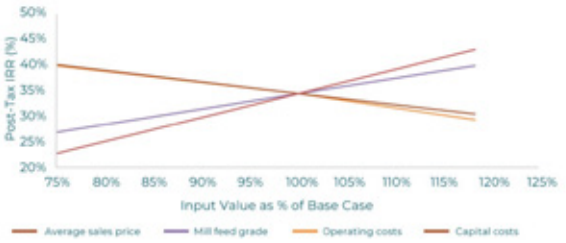


Figure 5



In terms of the NPV, the sensitivity analysis indicates that a:

- 10% increase in Chilalo Project capital costs results in a 2% reduction in NPV;
- 10% increase in Chilalo Project operational costs results in a 9% reduction in NPV; and
- 10% decrease in average sales price across concentrate and value-added products results in a 21% reduction in NPV.

Sensitivity analysis was also conducted on the post-tax NPV (adjusted for the Chilalo Project Royalty) for a range of discount rates as shown in Table 6 below:

Table 6

Discount rate (%)	Post-tax NPV (US$M)
6	403
8	323
10	260
12	210

The sensitivity analysis indicates that the Chilalo Project is relatively robust, with financial outcomes having the greatest sensitivity to the sales pricing variation.

Each of the sensitivity parameters was treated independently of the others. Therefore, combinations of input parameters may have amplifying, or negating, effects.

3.5.7 ASX Listing Rules 5.16 and 5.17

Various aspects of the DFS Outcomes presented in this Section 3.5 represent production targets and forecast financial information derived from production targets, as contemplated in ASX Listing Rules 5.16 and 5.17 respectively. Evolution satisfies the requirements of these ASX Listing Rules as follows:

- for the purposes of ASX Listing Rule 5.16.3, Evolution confirms that the DFS Outcomes are based solely (100%) on the Ore Reserves expressed in the Chilalo Ore Reserve Estimate (refer to Table 4 in Section 3.4);
- for the purposes of ASX Listing Rules 5.16.2, Evolution confirms the Chilalo Ore Reserve Estimate has been prepared by a Competent Person in accordance with the requirements of the JORC Code – refer to Section 3.4 and to the Technical Expert's Report;
- for the purposes of ASX Listing Rules 5.16.1 and 5.17.1, all of the material assumptions on which the DFS Outcomes are based are set out in Appendix 4 to this Prospectus (being the DFS Outcomes Supporting Information) as supplemented by information in this Section 3.5 (in particular, Section 3.5.3) and Section 3.10; and
- for the purposes of ASX Listing Rule 5.17.2, the forecast financial information comprised in the DFS Outcomes is derived from the production target also comprised in the DFS Outcomes.

No other provisions of ASX Listing Rules 5.16 or 5.17 are required to be satisfied in respect of the DFS Outcomes given that the production targets, and forecast financial information derived from the production targets, embodied in the DFS Outcomes are underpinned by the Chilalo Ore Reserve Estimate.

3.6 PROPOSED EXPENDITURE PROGRAM

Table 7 below sets out the Company's proposed expenditure program for the next two years. Refer to the Technical Expert's Report (Appendix 1) for further information on the planned exploration activities and expenditure budget for the Chilalo Project.

Table 7

Expenditure program	Total	Year 1	Year 2
Exploration and tenement costs			
Drilling and fixed loop electromagnetics programs	$1,400,000	$1,400,000	-
Tenement costs	$100,000	$50,000	$50,000
DFS optimisation			
DFS Optimisation studies	$1,000,000	$1,000,000	-
Downstream studies / investments in downstream opportunities	$2,500,000	$2,500,000	-
Graphite product qualification and marketing costs	$450,000	$250,000	$200,000
ESG compliance	$400,000	$400,000	-
Project early works	$1,100,000	$1,100,000	-
Total	**$6,950,000**	**$6,700,000**	**$250,000**

It should be noted that the Company's budgets will be subject to modification on an ongoing basis. The results obtained from exploration and evaluation programs may lead to increased or decreased levels of expenditure on certain aspects of the Chilalo Project reflecting a change in emphasis. It should be noted that successfully developing the Chilalo Project and bringing it into production will be contingent on the Company's ability to obtain project finance (as detailed in Section 3.10).

The above table is a statement of current intentions as at the date of this Prospectus. Due to market conditions and/or any number of other factors (including the risk factors outlined in Section 5), actual expenditure levels may differ significantly to the above estimates. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the way funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

3.7 EVOLUTION'S APPROACH TO PROGRESSING THE CHILALO PROJECT

Following completion of the Offer, the Company will be focused on progressing the Chilalo Project towards a construction decision. The Company will also be focused on increasing the current 18 year mine life of the Chilalo Project. There are several work streams to support these objectives, including:

- Chilalo Project-related optimisations:
  - analysis of capex / opex "trade-offs" with a vie to optimising the Chilalo Project economics;
  - review of the potential to reduce the carbon footprint of the Chilalo Project, including assessment of renewable power options;
  - exploration for additional near-mine, close-to-surface graphite deposits; and
  - optimisation of Evolution's proposed value-added products strategy (relating to the production of expandable graphite and micronised graphite);
- studies will be conducted into the use of Chilalo Project graphite for additional value-added products, including graphite foils and battery anode materials;
- advancing community relations activity:
  - conducting an updated valuation for the relocation of affected individuals;
  - engaging with local communities, initially to advise of upcoming site-based activities and the Company's medium-term objectives;
  - engaging with local government to discuss the Company's plans and ensure that Evolution's relationship with the regional and district governments remains supportive; and
  - progressively advancing the Company's ESG standards and ESG reporting;
- continued engagement with the Tanzanian government, to ensure a platform of stability and certainty around the fiscal and regulatory regime;
- continued product qualifications with graphite product buyers, both for graphite concentrate and value-added products;
- development of technology partnerships for research and development of opportunities along the graphite value chain; and
- ongoing project finance initiatives aimed at securing the finance needed for the construction of the Chilalo Project.

Following its listing on the ASX, the Company will have sufficient working capital to carry out its stated business objectives for the two years following admission to the official list of ASX.

Additionally, the Company will focus on delivering to customer requirements, consistent with the strategy of the previous owner of the Chilalo Project, Graphex Mining Limited (as Marvel Gold was previously known), as outlined in the DFS Outcomes Supporting Information.

Evolution's sales strategy will be focused on high-value applications for which Chilalo Project graphite products are suitable. Evolution is also committed to partnering with leading technology groups and using its graphite market intelligence for value-added products to enhance the margins achieved from the Chilalo Project's unique graphite signature.

With the support of ARCH SRF, which will be Evolution's largest Shareholder on completion of the Offer, the Company is committed to meeting high ESG standards. Evolution recognises that sustainable success in resource development requires that its activities are conducted in a manner that respects the environment, local communities, the sovereignty of Tanzania generally (as the owner of its natural resources) and processes of good governance. Evolution is committed to the responsible development of the Chilalo Project in accordance with high ethical, environmental and social standards as the means to delivering value to be shared between Evolution and its stakeholders.

Further information regarding the Company's planned activities is set out in the Technical Expert's Report (Appendix 1).

3.8 OPPORTUNITIES FOR DOWNSTREAM PROCESSING

The Company's strategy currently involves the production of value-added products, including micronised graphite and expandable graphite for sales to international markets.

The Company intends to conduct further downstream value-adding studies to produce products such as graphite foil and battery anode materials. The Directors have long-standing relationships with certain technology partners with whom the Company is engaged in advanced discussions to fast-track the Company's entry into such markets, either by way of collaboration, joint ventures or acquisitions.

In July 2021, the Company signed a non-binding memorandum of understanding (**MOU**) with International Graphite Limited, a Perth-based public company with plans for downstream graphite processing operations in Collie, Western Australia, pursuant to which the parties have agreed to co-operate with each other in relation to:

- the sale of Chilalo Project Products and other graphite products (including micronized graphite, expandable graphite, graphite foils and other graphite-based products);
- downstream studies on the production of graphite products; and
- the sharing of knowledge on the graphite market and graphite industry.

The MOU contemplates the parties entering into binding agreements in respect of the production, supply and purchase of Chilalo Project Products and other graphite products.

3.9 KEY BUSINESS MODEL DEPENDENCIES

The key dependencies for the Company to meet its objectives are:

- ongoing access to capital for the advancement of the Chilalo Project, especially in connection with a construction decision;
- maintaining title to the tenements comprising the Chilalo Project;
- maintaining existing (and securing additional) consents and approvals required to carry out exploitation and development activities;
- completion of design and construction of efficient production and processing infrastructure within capital expenditure budgets;
- sufficient worldwide demand for graphite and the Company being able to deliver the graphite products sought by end users;
- the market price of graphite products remaining higher than the Company's costs of any future production (assuming successful development by the Company); and
- retaining and recruiting key personnel skilled in the mining and resources sector.

3.10 PROJECT FINANCE

In order to successfully develop the Chilalo Project and bring it into production, the Company will require substantial funding in addition to the funds raised pursuant to the Offer.

The DFS Outcomes demonstrate the positive technical and economic fundamentals of the Chilalo Project and provides a sound platform for the Company to secure finance for development of the Chilalo Project.

The Directors believe the financing for development of the Chilalo Project is likely to be a combination of debt and equity, with the Company's ESG credentials anticipated to assist with attracting external funding available from ESG focused investment funds (like ARCH SRF).

ARCH SRF and ESG focused investors

The Company has entered into the Investment Deed and the Royalty Deed with ARCH SRF, under which ARCH SRF:

- agrees to subscribe for 40,000,000 New Shares under the Cornerstone Offer to raise $8,000,000, subject to the Company successfully raising $14,000,000 pursuant to the General Offer by 30 November 2021;
- agrees to acquire the Chilalo Project Royalty in exchange for $2,000,000, subject to the issue of 40,000,000 New Shares to ARCH SRF under the Cornerstone Offer and the issue of the 20,000,000 Cornerstone Options to ARCH SRF; and
- indicates that, subject to achieving its targeted fund size of US$400 million, it intends to allocate not less than US$25,000,000 (inclusive of the $10,000,000 already contractually committed pursuant to the Cornerstone Offer and Chilalo Project Royalty) to the Chilalo Project (although the Investment Deed states there is no binding commitment on ARCH SRF to do so).

Further details in relation to the Investment Deed and the Royalty Deed are set out in Section 9.2.

ARCH SRF is advised by ARCH Emerging Markets Partners Limited which is a specialist emerging markets investment fund with deep experience in emerging markets, private equity, asset management and legal and governance matters. A central element of ARCH SRF's investment philosophy is its focus on ESG principles.

Under the terms of the Investment Deed, Evolution has agreed to a course of action to advance its ESG credentials and embed its ESG commitments in its corporate governance structures. The Company recognises the increasing importance being attributed by investors to ESG performance as a driver for attracting investment funds. The Board shares the desire to demonstrate that a mining and processing operation can be both ESG compliant and economically viable. Irrespective of ARCH SRF's participation in the Offer, the Directors have prioritised ESG performance as a key feature of Evolution's strategy and approach to its operations.

ARCH SRF's significant investment not only underpins the Company's commitment to ESG standards, but also provides the Company with critical insight into the expectations of ESG fund managers with respect to ESG standards. Together with its prioritisation of ESG performance, this is expected to position Evolution as an attractive investment proposition for a wide range of ESG-focused fund managers.

Graphite industry financing developments

Recent developments in the graphite industry have confirmed the availability of various forms of funding for the development of Tanzanian-based graphite projects and support the Company's prospects of securing the project finance required for development of the Chilalo Project.

Examples of such recent financings include:

- in April 2021, Walkabout Resources Limited (**Walkabout**) (ASX: WKT), announced that it had reached agreement with Tanzanian bank CRDB for a US$20 million debt facility for the construction of Walkabout's Lindi graphite mine in south-east Tanzania;[4]
- in March 2021, EcoGraf Limited (**EcoGraf**) (ASX: EGR) announced that it had received approval from the Tanzanian Government for a KfW IPEX-Bank (KfW) US$60 million debt financing proposal for development of its Epanko graphite mine located in Tanzania, with the next steps being completion of due diligence, loan documentation and requisite approvals. KfW is a German development bank and one of the world's largest development financiers;[5]
- in February 2021, ASX listed company, Black Rock Mining Limited (**Black Rock**) (ASX: BKT) announced that it had finalised agreements with POSCO for POSCO to invest US$7.5 million to acquire 15% of Black Rock, the proceeds of which will be used to develop Black Rock's Mahenge graphite mine in Tanzania. POSCO is a diversified Korean industrial company that is the fourth largest global steel producer with substantial anode and cathode manufacturing capacity and a market capitalisation of approximately $25 billion;[6] and
- in February 2021, EcoGraf announced the completion of a $55 million share placement, the proceeds of which are to be used for among other things, finalising debt financing for development of EcoGraf's Epanko graphite mine.[7]

4. Refer to the Walkabout ASX announcement of 13 April 2021, available from www.asx.com.au under the code "WKT"
5. Refer to the EcoGraf ASX announcement of 10 March 2021, available from www.asx.com.au under the code "EGR"
6. Refer to the Black Rock ASX announcement of 11 February 2021, available from www.asx.com.au under the code "BKT"
7. Refer to the EcoGraf ASX announcement of 12 February 2021, available from www.asx.com.au under the code "EGR"

There will inevitably be variation in the circumstances of mining projects and the companies that own and promote them, and so the ability to attract finance will also vary between projects and companies, even those that are producing the same commodity and operate in the same jurisdiction. The information above is presented by way of illustrative examples only, and potential investors should not place undue weight on these examples as demonstrating that the development of the Chilalo Project will be financed.

Basis for expecting funding can be secured

The Directors have a successful track record of developing and financing mineral resource projects globally, having been involved in the financing of a number of resources projects in Australia and overseas.

On the basis of the matters outlined above, the Company is satisfied that, as of the date of this Prospectus, it has reasonable grounds to believe it will be able to finance the capital and operational costs of the Chilalo Project as and when required by the applicable development and production schedules.

3.11 OVERVIEW OF TANZANIAN REGULATORY REGIME FOR MINING

The information set out in this Section 3.11 is only a high-level summary of relevant laws. It does not purport to be a comprehensive review of all laws affecting the Company's proposed activities in Tanzania.

General

Mineral rights in Tanzania are issued under the Mining Act, R.E. 2019, Cap 123 of the Laws of Tanzania (**Mining Act**) together with the Mining (Mineral Rights) Regulations, 2018 (**Regulations**). The Mining Commission has the power to grant, renew, suspend or cancel any licence and the Minister for Minerals is responsible for monitoring the issuance of licences for mining activities in Tanzania (among other things).

The powers of the Mining Commission and the Minister for Minerals are exercisable in accordance with the powers conferred on them under the Mining Act.

All licences issued under the Mining Act are referred to as "mineral rights". The holder of a mineral right is obliged to consult with the relevant local government authority and village council and obtain the prior consent of lawful occupiers before the holder can exercise its rights under the Mining Act.

Types of mineral rights

The types of mineral rights which may be granted under the Mining Act include prospecting licences, mining licences, special mining licences, gemstone prospecting licences, primary mining licences and smelting licences. Primary mining licences are restricted to Tanzanian citizens or corporate entities whose memberships are composed exclusively of Tanzanian citizens.

Prospecting licences

Under section 35(1) of the Mining Act, the holder of a prospecting licence has an exclusive right, to carry on prospecting operations in the prospecting area for minerals to which the licence applies. The prospecting licence is a prima facie indisputable right of access to the licence area, and does not require any other administrative authorisation or prior application to carry out prospecting activities for the minerals to which the licence applies.

Under section 32(1) of the Mining Act, the initial period of prospecting licences is four (4) years. Upon expiry of the initial prospecting period, the first period of renewal of the prospecting licence shall not exceed three (3) years. A second period of renewal is possible, though no timeline is provided under the Mining Act, however, a prospecting licence cannot be renewed after the second period of renewal. At the end of the second renewal period, the expired prospecting licence reverts to the Tanzanian Government.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Mining licences

Under section 51 of the Mining Act, a mining licence confers on the holder the exclusive right to carry on mining operations in the mining area for minerals specified in the licence.

A mining licence may be applied for by a prospecting licence holder who has established the existence of minerals in commercial quantities and is granted for operations for which the capital investment is between US$100,000 and US$100 million. It is granted for a maximum initial period of 10 years and may be renewed once for a period not exceeding 10 years.

Suspension and cancellation of a mineral right

Where the holder of a mineral right, amongst other things, fails in a material respect to comply with any requirement of the Mining Act or any regulations made under the Mining Act which are binding on the holder of the mineral right, the conditions of the licence, with a direction lawfully given under the Mining Act or any regulations made under the Mining Act then the Mining Commission may by notice suspend or cancel the licence, if the holder has failed to remedy the breach within thirty (30) days of receiving notice.

Annual rent, minimum expenditure and royalties

Details of the annual rent, minimum expenditure and royalties payable with respect to mineral rights are set out in the Lawyer's Report (Appendix 2).

Claims of lawful occupiers in respect to mineral rights

According to section 95(1)(b) of the Mining Act, no holder of a mineral right may exercise any of its rights conferred by the licence over an area of land which is the site of, or which is within 200 meters of any inhabited, occupied or temporarily unoccupied house or building without consultation with the relevant Local Government Authority, including the Village Council and thereafter the written consent of the lawful occupier. Therefore, where a mineral right granted to an applicant is over an area of land inhabited by lawful occupiers then the holder of such a mineral right is required to obtain the lawful occupiers' written consent, following necessary consultations, prior to exercising any of the rights conferred under the mineral right. Failure to obtain the lawful occupiers' prior written consent would not invalidate the licence holder's mineral right but the lawful occupier may make a claim against the licence holder.

Pursuant to section 96(1) of the Mining Act, rights conferred by a mineral right shall be exercised reasonably and shall not be exercised so as to affect injuriously the interest of any owner or occupier of the land over which those rights extend. The holder of the mineral right has the right of access and construction on the licensed area, but will require the consent of any lawful land occupier, if activities may disturb habitation, cultivations, trees or buildings. The mineral right holder must also consult with local authorities with respect to the activities. The Mining Act provides that the Minister for Minerals may intervene if consent is unreasonably withheld.

In terms of compensation, if activities result in damage to crops, trees, buildings, stock or works, the holder of the mineral right is liable to pay the lawful occupier fair and reasonable compensation in respect of the disturbance or damage. Any compensation, relocation and resettlement of lawful occupiers must be in accordance with the Land Act, R.E. 2019, Cap. 113 of the laws of Tanzania.

If there is a dispute regarding the amount of compensation, either party may refer the dispute to the Mining Commission under the Mining Act.

Taxes / fiscal regime

Following regulatory changes in 2017 and following, ongoing engagement with the Tanzanian Government in relation to the Chilalo Project has provided a good understanding of the fiscal regime as it applies to the Chilalo Project, including a government free-carried interest of 16%, general royalty rate of 3% of gross revenue, a corporate income tax rate of 30%, a clearance/inspection fee of 1% of gross revenue and a local government community development levy of 0.3% (among others).

The Tanzanian Income Tax Act 2004 contains provisions that tax the indirect disposal of a Tanzanian entity. This tax applies where there is a change of more than 50% in the underlying ownership of a Tanzanian entity compared to the ownership in that entity over the past 3 years, and applies at a rate of 30% on the deemed gain realised by the Tanzanian entity (if any). This tax is intended to capture a transfer of shares that result in the indirect disposal or change of control of a Tanzanian entity. Whilst the Tanzanian authorities have not historically applied

the tax in this manner, the law could be triggered by the issuance of shares pursuant to a capital raising in an ASX listed entity where the issuance results in a change of Ngwena Tanzania's underlying ownership by more than 50%.

Further information in respect of taxes and the fiscal regime is set out in the Lawyer's Report (Appendix 2).

Bilateral investment treaty

As shown in the corporate structure chart in Section 3.2, the Company holds its interest in the Chilalo Project via its indirect ownership of Graphex UK. Owing to Graphex UK being incorporated in the United Kingdom, the Company's future investment in Tanzania would be protected under the agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the United Republic of Tanzania for the Promotion and Protection of Investments entered into force on 2 August 1994 (the **UK-Tanzania BIT**).

In the event of a dispute between Graphex UK and Tanzania in relation to the Chilalo Project, Graphex UK could pursue dispute settlement under the UK-Tanzania BIT, which provides for international arbitration before the International Centre for Settlement of Investment Disputes. Among other substantive protections, the UK-Tanzania BIT provides that all investments must be treated fairly and equitably. For example, further changes to Tanzania's regulatory framework in the mining sector which irreparably prejudice Graphex UK's investment may amount to a breach of the fair and equitable treatment standard in the UK-Tanzania BIT.

3.12 ADDITIONAL INFORMATION REGARDING THE CHILALO PROJECT

Prospective investors are referred to and encouraged to read in their entirety:

- the Technical Expert's Report in Appendix 1 for further details about the geology, location and mineral potential of the Chilalo Project, including the Chilalo Mineral Resource Estimate and the Chilalo Ore Reserve Estimate; and
- the Lawyer's Report in Appendix 2 for further details in respect of the Company's tenure in Tanzania and Tanzanian mining regulation.

3.13 CAPITAL STRUCTURE

The capital structure of the Company following completion of the Offer is summarised in Table 8 and Table 9 below.

Table 8: Shares

	Number
Shares currently on issue (100% held by Marvel Gold)	50,000,000
New Shares to be issued pursuant to the Offer	110,000,000
Shares to be issued under the Ancillary Marketing Offer	1,875,000
Total Shares on completion of the Offer	**161,875,000**

The rights attaching to Shares are summarised in Section 10.3.

The Company reserves the right to issue further securities from time to time, such as (without limitation) to raise further capital or pursuant to the Option Plan.

Table 9: Options

	Number
Options currently on issue	Nil
Cornerstone Options to be issued to the Cornerstone Investor[1]	20,000,000
Incentive Options to be issued[2]	14,600,000
JLM Options to be issued to the Joint Lead Managers (or their nominees)[3]	7,500,000
Total Options on completion of the Offer	**42,100,000**

1. The terms and conditions attaching to the Cornerstone Options are summarised in Section 10.4.

2. The terms and conditions attaching to the Incentive Options are summarised in Section 10.4 and the proposed allocation of Incentive Options is set out in Section 7.2. The issue of Incentive Options to the Directors will be subject to the approval of the Company's current Shareholder, Marvel Gold.

3. The terms and conditions attaching to the JLM Options are summarised in Section 10.4.

3.14 SUBSTANTIAL SHAREHOLDERS

As at the date of this Prospectus, Marvel Gold holds 100% of the issued capital of the Company.

Those Shareholders that are expected to hold 5% or more of the Shares on issue on completion of the Offer are set out in Table 10 below.

Table 10: Substantial Shareholders

Shareholder	Shares	Options	% (undiluted)	% (fully diluted)
Marvel Gold	50,000,000	n/a	31%	25%
ARCH SRF	40,000,000	20,000,000	25%	30%

Other persons who may hold an interest in 5% or more of the Shares upon completion of the Offer (if any) are currently unknown. The Company will announce to ASX details of its top 20 Shareholders (following completion of the Offer) prior to the commencement of trading of the Shares on ASX.

3.15 POTENTIAL IN-SPECIE DISTRIBUTION OF SHARES BY MARVEL GOLD

On completion of the Offer, Marvel Gold will hold 50,000,000 Shares, being approximately 31% of the issued ordinary share capital of Evolution.

The board of directors of Marvel Gold has confirmed to Evolution that an in-specie distribution of its Shares is not currently being proposed. However, the board of directors of Marvel Gold is considering this possibility, amongst the other options available to it, and may in the future pursue an in-specie distribution of some or all of the Shares that Marvel Gold ultimately holds following completion of the Offer. Any such in-specie distribution would require the approval of Marvel Shareholders, as well as a waiver from ASX of the escrow restrictions that will otherwise be applicable to Marvel Gold's shareholding in Evolution – refer to Section 2.11.


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04. Overview of graphite industry and Chilalo Project Products

4.1 WHAT IS GRAPHITE?

Introduction

Graphite is a crystalline form of the element carbon. It occurs naturally in this form and is the most stable form of carbon under standard conditions. It is a good conductor of heat and electricity. Its high conductivity makes it useful in electronic products such as electrodes, batteries and solar panels.

It is a soft, light mineral which is flexible but not elastic, and it has a high melting point of 3,650°C. It has high thermal resistance, lubricity, and inertness as well as thermal and electrical conductivity, thermal insulative and expandability properties.

Types of graphite

- Graphite occurs naturally in metamorphic rocks. There are three types of natural graphite – amorphous, flake and vein (also known as lump). Each form of graphite is found in differing types of ore deposits and each type has different end uses.
- Amorphous graphite is the most abundant graphite, but also the lowest quality with carbon purity lower than flake graphite. "Amorphous" refers to the graphite's small crystal size (microcrystalline). It is a low-priced graphite product that cannot be upgraded through flotation or purification and is limited in its usage, focusing mainly on refractories, friction, and lubricants for thread compounds.
- Flake graphite, or crystalline graphite, has a distinctly flaky or platy morphology, formed when pure carbon atoms stick together to form flat sheets. Compared to amorphous graphite, it is less common and of higher purity.
- Vein graphite is a true vein mineral with high carbon purity in-situ.

4.2 THE MARKET FOR GRAPHITE

Flake graphite is not an exchange-traded commodity and trading of flake graphite does not take place on the London Metals Exchange or any other recognised trading platform. Prices are negotiated directly between buyer and seller. Independent information regarding graphite pricing and market supply / demand is not readily, publicly available, including because it is treated like confidential intellectual property of suppliers and customers.

Flake graphite is not a commoditised or homogeneous product. It comes in a variety of specifications, including in terms of mesh size and purity levels, each with unique characteristics, resulting in wide ranging applications and uses.

The physical and chemical properties of flake graphite from each source (i.e. from each graphite mine) are unique and represent a flake graphite 'signature'. Potential customers therefore require graphite suppliers to qualify their products directly with them. This process of qualification usually begins with customer test work on laboratory samples. Once it has been determined that the graphite product is suitable, customers will request trial orders from commercial production ranging from 5 - 100 tonnes. Once trial orders of graphite products have been confirmed to meet customer specifications, sales agreements can be negotiated.

Evolution's targeted customers outside of China will generally not sign sales agreements until they have processed a commercial bulk trial shipment (usually between 20t and 100t) from the commissioned and calibrated commercial plant to verify positive lab results from initial qualifications. Commonly disclosed sales agreements pre-development also lack the certainty around pricing to be legally binding or enforceable.

Evolution will continue to engage in product qualifications with potential customers in Europe, USA, Japan and China.

4.3 CHILALO PROJECT PRODUCTS

Overview

Graphite products from the Chilalo Project (**Chilalo Project Products**) have a distinct signature, possessing specific metallurgical and chemical attributes ideally suited for foils, fire-retardants, engineered products, lubricants, and thermal drilling fluids. The Chilalo Project resource has been shown to be capable of being processed, using standard flotation techniques, to achieve 95% to >99% purity as well as achieving higher than average coarse flake fractions. These attributes are expected to produce a high-value product suitable for high-tech and higher priced applications.

Concentrate test work

Substantial metallurgical test work has been completed on Chilalo Project ore with a focus on preservation of flake size. Test work has been conducted at several independent laboratories and research institutes. Two rounds of pilot plant production have also been conducted at SGS Lakefield, Canada in 2017 and 2019.

The test work continues to verify the positive physical and chemical attributes of Chilalo Project product including the ability to consistently produce higher than average coarse flake fractions and ease of purification.

Mesh size (flake size) fractions

The table below lists the mesh size fraction targets achieved from pilot plant production demonstrating the mesh size fractions that Chilalo Project Products could produce in commercial production.

Table 11: Chilalo Project Mesh Size Fractions

Item	Standard Mesh Fraction?	Mesh Size Fraction	Particle Size µm
Mesh Size 1	Y	+20 (14x20)	+850
Mesh Size 2	Customer Request	-20	-850
Mesh Size 3	Y	+32 (20x32)	+500
Mesh Size 4	Customer Request	-32	-500
Mesh Size 5	Y	+50 (32x50)	+300
Mesh Size 6	Customer Request	-50	-300
Mesh Size 7	Y	+80 (50x80)	+180
Mesh Size 8	Customer Request	-80	-180
Mesh Size 9	Y	+100 (50x100)	+150
Mesh Size 10	Y	-100	-150
Mesh Size 11	Y	+150 (80x150)	+105
Mesh Size 12	Customer Request	-150	-105
Mesh Size 13	Customer Request	+200 (100x200)	+75
Mesh Size 14	Customer Request	-200	-75

The Chilalo Project plant design accommodates additional product screening capabilities able to cover the vast majority of customers' product requirements and specifications. Being capable of producing the full mesh size range opens up the number of potential customers allowing for diversified sales revenues, particularly with western customers. The more specific or unique the blend of mesh size fractions, the higher the price point. Blends of specific mesh size fractions are unique to a specific customer's needs.

Carbon purities

Evolution will offer two base range carbon purities with the ability for additional processing to meet customer-specific and market mesh size specifications in the future. It is not commercially feasible or economic to have a wide range of carbon purities. Evolution will also seek to produce and qualify a high-purity (>99% LOI) product once commercial production of the base range products has been achieved.

The following table shows the carbon purity targets for Chilalo Project Products.

Table 12: Chilalo Project – Carbon Purity Targets

Product Range	Carbon Purity % (Loss on Ignition (LOI))
1	95.0
2	97.0
HP Flake Graphite	> 99.0

Downstream test work

Substantial downstream test work has been completed on Chilalo Project concentrate at numerous research institutes and independent laboratories across Australia, Germany, Canada, USA and China. Graphite from the Chilalo Project has also been subject to testwork by proven equipment manufacturers and customer testwork and evaluations.

Target markets

Evolution has selected target markets for its initial focus after understanding the competitive advantages Chilalo Project Products outlined in this Section and undertaking market research on supply/demand, qualification timeframes and growth expectations of various markets.

The initial target markets are as follows:

- thermal management market group:
  - high-end refractories; and
  - hot metal topping;
- engineered products market group:
  - friction;
  - foils; and
  - fire-retardants pre-cursor material;
- lubricants market group:
  - thermal drilling fluids.

4.4 GRAPHITE PRICING

Graphite does not trade on a designated metal exchange. Prices are negotiated between buyer and seller, and are primarily influenced by the flake size and carbon content (purity) of the graphite product. Broadly speaking, the larger the flake size and higher the purity, the higher the price. A variety of other matters that are unique to the particular buyer and seller negotiation will also influence pricing.

4.5 VALUE-ADD GRAPHITE PRODUCTS

The characteristics of Chilalo Project graphite allow Evolution to pursue value-add strategies in expandable graphite and micronised graphite.

Expandable graphite

Expandable graphite, also called graphite salt, is the combination of an intercalation compound of chemicals with a flaky morphology graphite powder that expands or exfoliates when heated to a specific temperature.

Expandable graphite is manufactured by treating flake graphite with specific intercalation reagents/oxidiser compounds that migrate between the layers of a flake graphite crystal and remain until exposed to heat creating expanded or exfoliated graphite.

Chilalo Project flake graphite has been evaluated for expandable graphite performance by several end users and three independent third party laboratories. These evaluations concluded that Chilalo Project flake graphite provided excellent performance characteristics using two different intercalation compound formulas.

The Company has identified many western customers with demand for expandable graphite. Fire-retardant customers rarely buy flake graphite concentrate. They buy expandable graphite that is exclusively manufactured in China. Rather than selling graphite concentrate to a Chinese expandable graphite manufacturer who then makes substantial margins upgrading it into expandable graphite for fire-retardant customers, Evolution has relationships with various Chinese expandable graphite manufacturers to act as its processing agent.

This solution requires no capital investment, leverages from existing processing expertise and provides the Company with immediate access to a lucrative and rapidly growing value-added market.

Chilalo Project expandable graphite products will be qualified and shipped direct to qualified end users located across the globe. The goal is to compete directly with Chinese suppliers of expandable graphite, using the Chilalo Project flake graphite feedstock.

Micronised graphite

Micronised graphite is a processed form of flake graphite, produced by fine grinding flake graphite concentrate into micron particle sizes. This process allows smaller mesh sizes to be used as raw material, creating a high potential margin for producers. The key characteristic of micronised graphite is the physical size of the microns as increased surface area allows users to optimise lubricity and conductivity.

There are multiple applications which use micronised graphite products including lubricants, dispersions, pencils, friction materials, carbon brushes, automotive seals, industrial polymers, and hot metal forming.

Chilalo Project graphite has undergone micronisation equipment product trials with a milling equipment supplier that provides a fully automated processing system. The preferred milling system is capable of producing all five target micronised grades to meet market specifications.

Other downstream opportunities

Evolution intends to assess a number of other downstream processing alternatives, taking advantage of a strong network of potential technological partners. The Company's downstream activities will continue to focus on those products for which Chilalo Project graphite is known to be suitable and which maximise potential margins. To minimise the carbon footprint of the Company's vertically integrated operations, there is a desire to upgrade to high-value products as close to the source of the graphite, or the customer of the final product.

4.6 GRAPHITE SUPPLY

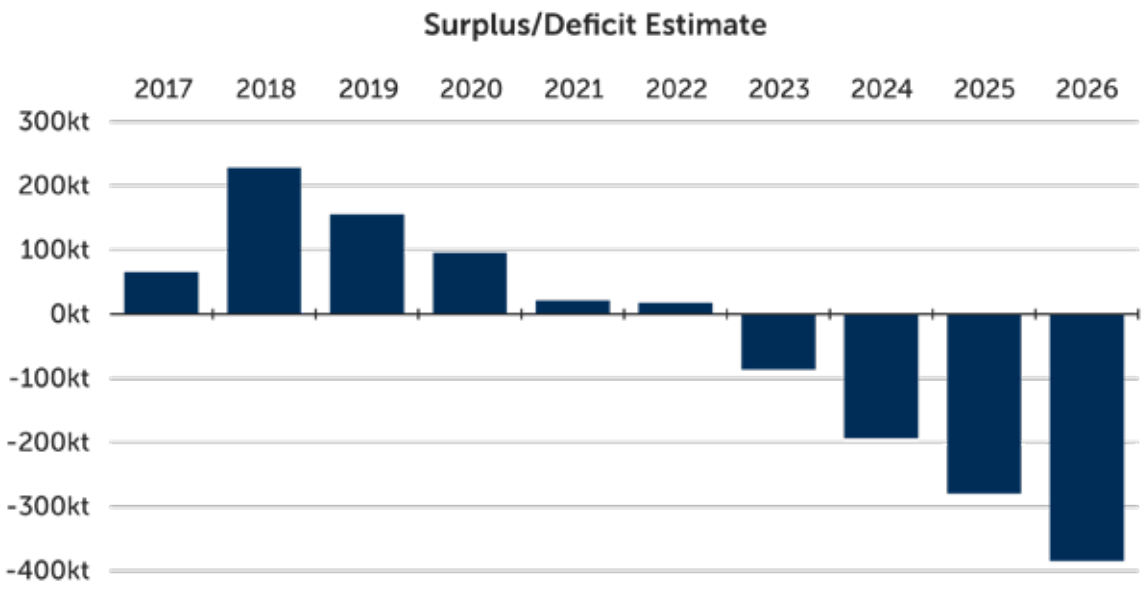
Natural graphite supply has been dominated by China, which has historically produced approximately 70% of the world's flake graphite. Whilst China has an abundance of graphite reserves and production capacity, these reserves are understood to be predominantly fine flake graphite.

Furthermore, the Chinese graphite mining industry went through supply restrictions firstly in 2012, and secondly since the beginning of 2017, which in both instances caused prices to increase. The supply restrictions since 2017 have resulted from China's desire to reduce pollution and address the environmental issues caused by mines across all commodities, not only graphite.

Since 2017, the Chinese central government has conducted extensive audits of mines which has resulted in the closure of smaller, higher-polluting graphite mines. Some producers have not had their mining permits renewed, a situation that is expected to continue. Larger companies who are committed to sustainable mining practices have spent the funds to improve their environmental impact to be within Chinese standards.

Figure 6 shows the graphite market moving into deficit by 2023, in the absence of additional supply.[8]

Figure 6



8. Source: Benchmark Mineral Intelligence, December 2020. The author has not provided its consent for the statement to be included in the Prospectus.

ESG factors are becoming increasingly important to graphite customers who are required to be more aware of the sustainability of their supply chains. This is in part being driven by regulators such as the European Commission announcing the EU taxonomy for sustainable activities which included a number of new measures and initiatives driving a shift in supply chain standards and disclosure. Some of the key initiatives impacting graphite include:

- responsible sourcing: New mandatory procedures to ensure sustainable and ethical sourcing of raw materials such as graphite.
- CO_2 footprint: All batteries sold in Europe must declare their carbon footprint. Batteries with the highest carbon footprint will be banned in Europe.
- traceability: All raw material used in batteries to be produced according to OECD recognized guidelines for sustainable sourcing. Thanks to blockchain technology, each battery will have a digital passport tracking all components upstream.

A gradual diversification of supply chains away from China is expected, where possible, to benefit potential ex-China suppliers such as Evolution.

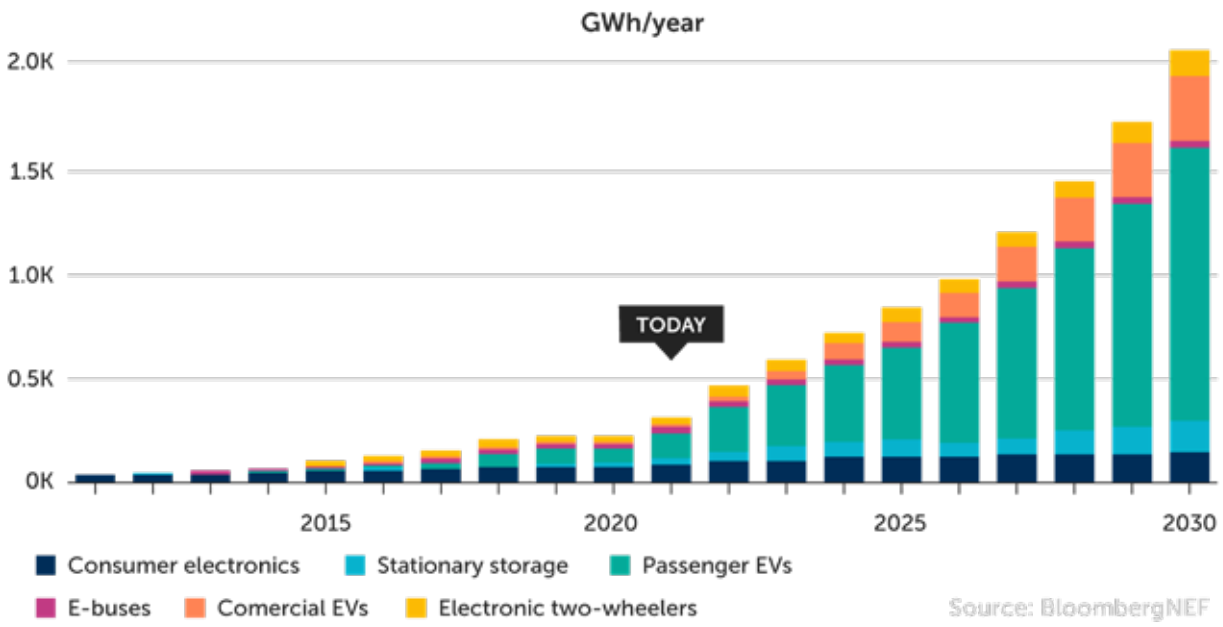
4.7 GRAPHITE DEMAND

The graphite industry is going through a transition with demand from emerging, high-tech applications beginning to outpace demand from traditional industries, such as refractories, foundries and crucibles (although these traditional consumers continue to be the largest market for flake graphite). However, owing to the unique physical and chemical properties of graphite, substantial funding has been committed to research and development of graphite products. Spherical graphite in batteries, expandable graphite in fire-retardants and foils, and in the future graphene, are the future of graphite demand and generally underpin the strong long-term growth projections for flake graphite.

The pace of demand growth depends on a number of factors, including:

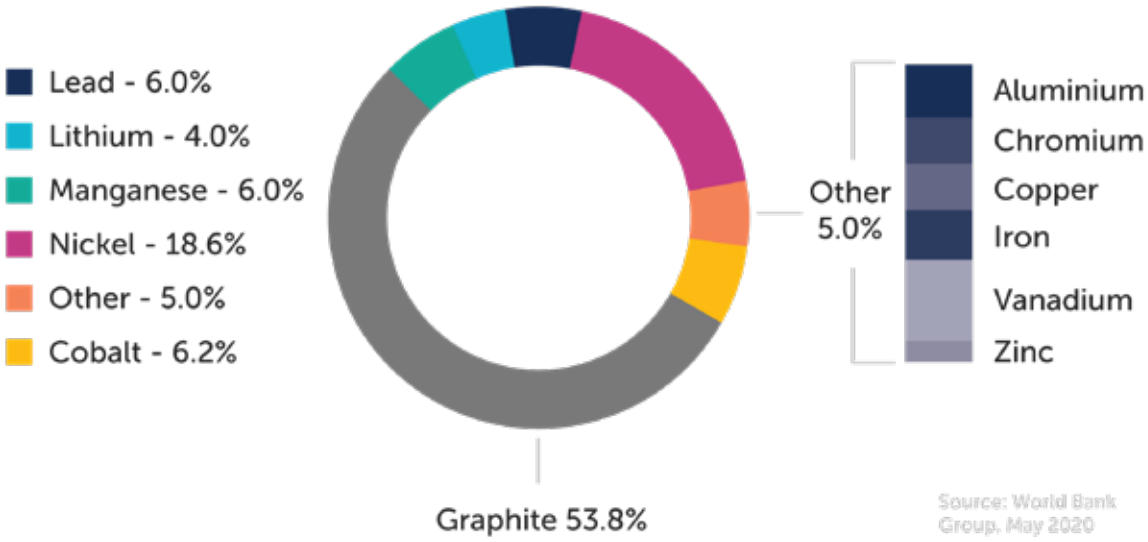
- government regulations/restrictions/export tariffs;
- transition to hybrid electric and electric vehicles, a key consumer of graphite;
- alternative energy sources (i.e. wind power, solar power);
- energy storage and grid stabilisation;
- commercial and residential fire-retardant products (expandable graphite);
- electronic components (foils, medical device);
- petroleum exploration (directional drilling); and
- figure 7 shows projected battery demand growth measured in GWh per year.

Figure 7[9]



Battery demand is expected to be a key driver for graphite demand as Figure 8 shows that graphite dominates the mineral components of batteries (by mass)

Figure 8[10]



9. Source: BloombergNEF, December 2020. The author has not provided its consent for the statement to be included in the Prospectus.

10. Source: World Bank Group, May 2020. The author has not provided its consent for the statement to be included in the Prospectus.

05. Risk Factors

5.1 Introduction

The New Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend that potential investors:

(a) consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for New Shares; and

(b) consult their professional advisers before deciding whether to apply for New Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in Section 5, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

5.2 Company specific

Limited history

The Company was only recently incorporated (15 March 2021) and has no operating history and limited historical financial performance. The licenses are at various stages of exploration and development, and Shareholders should understand that mineral exploration and development are high-risk undertakings. No assurance can be given that the Company will achieve commercial viability through the successful exploration and/or development of the Chilalo Project. Until the Company is able to realise value from the Chilalo Project, it is likely to incur ongoing operating losses. There can be no certainty that the Company will achieve or sustain profitability or positive cash flow from its operating activities.

Requirements for additional capital

The Company's capital requirements depend on numerous factors. To develop the Chilalo Project, the Company will require further financing in addition to amounts raised pursuant to the Offer. There can be no assurance as to the levels of future borrowings or further capital raisings that will be required to meet the aims of the Company in developing the Chilalo Project or otherwise for the Company to undertake its business.

Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or adapt the scope of the development of the Chilalo Project. There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

Conditionality of Offer

The obligation of the Company to issue Shares under this Prospectus is conditional on certain matters, as set out in Section 2.5. If the conditions are not satisfied, the Company will not proceed with the Offer. Failure to complete the Offer will have a material adverse effect on the Company's financial position.

Emerging markets

The Company's main assets will be located in Tanzania. When conducting operations on foreign assets in emerging markets such as Tanzania, ASX listed entities may face a number of

additional risks that companies with operations wholly within Australia may not face. For example, the ability to implement effective internal control and risk management systems and good corporate governance principles, having regard to the separation of executive management and the Board from the location of the Chilalo Project and the need to rely on consultants and professional advisors in those jurisdictions. The impact of COVID-related travel restrictions also limits the ease of movement between Australia and Tanzania.

Major Shareholders

Upon completion of the Offer:

- Marvel Gold will hold a relevant interest in 50,000,000 Shares of the Company (comprising approximately 31% of the Shares on issue); and
- ARCH SRF will hold a relevant interest in 40,000,000 Shares of the Company (comprising 25% of the Shares on issue).

Accordingly, each of Marvel Gold and ARCH SRF could have a significant influence on the Company and their respective interests may not be aligned with other Shareholders' interests. In addition, ARCH SRF has certain rights under the Investment Deed, as summarised in Section 9.2.

Restricted securities reducing liquidity

Subject to the Company being admitted to the Official List, certain Shares on issue prior to the Offer will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. Additionally, the Shares held by the Cornerstone Investor will be held in escrow for up to 12 months pursuant to the Voluntary Escrow Deed (see Section 9.2 for more information). During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner or at the desired value.

The Company will announce to ASX full details (quantity and duration) of the Shares required to be held in escrow prior to the Shares commencing trading on ASX.

Uninsurable risks

The Company's business is subject to a number of risks and hazards generally, including without limitation, adverse environmental conditions, industrial accidents, labour disputes, civil unrest and political instability, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in development, monetary losses and possible legal liability.

The Company will maintain insurance coverage that is substantially consistent with mining industry practice. However, there is no guarantee that such insurance or any future necessary coverage will be available to the Company at economically viable premiums (if at all) or that, in the event of a claim, the level of insurance carried by the Company now or in the future will be adequate, or that a liability or other claim would not materially and adversely affect the Company's business.

Tenure, access and grant of applications

Title and rights to mining and exploration tenements in Tanzania are governed by Tanzanian legislation and are subject to the holder complying with the terms and conditions applicable to those tenements. There is a risk that if the holder does not comply with the terms and conditions applicable to a particular tenement, it may lose its rights to that tenement. In particular, all the mining and exploration tenements in Tanzania which the Company, through its subsidiary Ngwena Tanzania, has or may, upon grant, have an interest in, will be subject to expenditure and work commitments. If sufficient exploration activities have not been carried out on a tenement to

meet the relevant Tanzanian reporting standards, the tenement may be terminated and the Company may suffer damage through loss of opportunity to develop any mineral resources on that tenement.

Further, all of the tenements in which the Company has, or will have, an interest may be subject to applications for renewal or extension from time to time. The renewal or extension of the term of each tenement is subject to the applicable legislation. Renewal conditions may be imposed and such conditions may include increased expenditure and work commitments. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

There is no guarantee that current or future tenements and/or applications for new tenements and/or applications for renewal of existing tenements will be approved. If a tenement is not renewed for any reason, the Company may suffer damage through loss of the opportunity to develop and discover any mineral resources on that tenement.

It is Evolution's intention to satisfy the conditions that apply to the tenements. However, there are no guarantees that, in the future, the minimum expenditure and other conditions that apply to the tenements will be satisfied. If the conditions that apply to a tenement are not satisfied, Evolution may be subject to penalties or forfeiture applications. Any of these events could have a materially adverse effect on Evolution's prospects and the value of its assets.

Refer to the Lawyer's Report in Appendix 2 for further details, as well as the overview of the Tanzanian mining regime in Section 3.11.

Occupier's consent

The title to tenements held by the Company may also be affected by the provisions of law which provide for the protection of lawful occupiers of the area. According to section 95(1)(b) of the Mining Act, no holder of a mineral right shall exercise any of its rights conferred by its licence over an area of land which is the site of, or which is within 200 metres of any inhabited, occupied or temporarily unoccupied house or building without prior consultation with the relevant local Government authority, including the village council and thereafter the written consent of the lawful occupier.

Therefore, where a mineral right granted to an applicant is over an area of land inhabited by lawful occupiers then the Company as holder of such a mineral right is required to obtain the lawful occupier's written consent, following necessary consultation, prior to exercising any of the rights conferred under its mineral right. Failure to obtain the lawful occupier's prior written consent would not invalidate the licence holder's mineral right but the lawful occupier may make a claim against the licence holder.

Environmental and other regulatory risks

Environmental laws in Tanzania are strict. Every activity from exploration through to development and mining require compliance with the regulations for environmental protections by virtue of section 81 of the Environmental Management Act, 2004. Under section 81, an Environmental Impact Assessment Report is a mandatory requirement and the outcome of the assessment may be negative. It is expected that the Company's activities will have an impact on the environment, particularly at the time of advanced exploration and any mine development.

It is in the interest of the Company to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws, in order to minimise damage to the environment and risk of liability which includes personal criminal liability under section 98 of the Environmental Management Act. In a normal situation it is expected that despite diligently observing in all material respects applicable environmental laws and regulations, there are certain risks inherent to the Company's activities, such as accidental spills, leakages or other unforeseen circumstances, which could subject the Company to environmental liability.

The Company and/or its subsidiaries will require other various governmental approvals and permits in Tanzania from time to time in connection with various aspects of its activities. To the

extent such approvals or permits are required and not obtained, or are delayed, the Company may experience delays affecting its scheduled project development.

Environmental laws are dynamic and can change over time. The Company is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future. Additional laws or regulations may materially increase the Company's cost of doing business or affect its operations. The cost and complexity of complying with any additional environmental laws and regulations may prevent the Company from being able to develop potentially economically viable mineral deposits.

Further, environmental legislation is evolving in a manner which will likely require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulation in Tanzania, if any, will not materially and adversely affect the Company's business, prospects, financial condition and results of operations.

Operations

The operations of the Company may be affected by various operational risks and hazards, including:

- inability to develop the Company's assets into an economic business;
- failure to locate or identify mineral deposits, over estimation of reserves;
- failure to achieve predicted grades in exploration and mining;
- failure to completely test the deposit, with the result that the Company does not completely understand the metallurgy of a deposit, which may affect extraction costs;
- technical difficulties encountered in exploration and mining;
- inappropriate design of mining plant, difficulties in commissioning and operating plant and equipment;
- mechanical failure or plant breakdown;
- adverse weather conditions;
- industrial and environmental accidents and industrial disputes; and
- unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment and failure to obtain necessary consents and approvals.

These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and potential legal liability. While the Company intends to maintain insurance with coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover such claims.

The exploration and operational costs of the Company will be based on certain assumptions with respect to the method and timing of exploration and the nature of the operating activity. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that any cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

There can be no assurance that any exploration tenement, or any other mining tenements acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The development timeframe for a project is dependent in part on obtaining various approvals and permits. The time it requires to obtain such approvals is in many cases not certain. To the extent that these approvals, permits and licences are issued at the discretion of the relevant regulatory authorities, there is no certainty that the Company will be able to obtain the grant of these approvals within any proposed timeframe, or at all.

Exploration

Any future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns or adverse weather conditions, unanticipated operational and technical difficulties, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, industrial and environmental accidents, industrial disputes, unexpected shortages and increases in the costs of consumables, spare parts, plant, equipment and staff, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company, being able to maintain title to the mining licence and the mineral exploration licences comprising the Chilalo Project and obtaining all required approvals for their contemplated activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the Chilalo Project, a reduction in the cash reserves of the Company and possible relinquishment of one or more of the mineral exploration licences comprising the Chilalo Project.

Logistics and infrastructure

The Chilalo Project in Tanzania is subject to logistical risk of a long supply line should there be a requirement to import materials and equipment from outside the continent of Africa. The Chilalo Project is located in a remote area of south-eastern Tanzania where there are some infrastructure deficiencies.

While the Company has access to the Mtwara port, which is 220km by road from the Chilalo Project, and the nearby Nachingwea airport is suitable for the transport of people and consumables, the Company will need to establish reliable road transport and sources of power and water in order for mining operations to be viable, none of which can be assured.

The Company will engage expatriate workers to perform certain functions in Tanzania. In order to develop the Chilalo Project, the Company will need to establish the facilities and material necessary to support operations in the remote location in which it is situated.

The lack of availability of such resources may adversely affect mining feasibility and may, in any event, require the Company to arrange significant financing, locate adequate supplies and obtain necessary approvals from national regional governments, none of which can be assured.

Reputational risk

The Company's operations are dependent on positive relationships with a small number of organizations (including the government of Tanzania). Damage to the Company’s reputation within Tanzania due to the actual or perceived occurrence of any number of events could negatively impact the Company.

Reputation loss may lead to increased challenges in developing and maintaining community relations, decreased investor confidence, and the impediment of the Company's overall ability to advance the Chilalo Project, thereby having a material adverse impact on financial performance, cash flows and growth prospects.

Tax risk

The Company has obtained advice regarding the taxation consequences of the Offer, including in respect of the potential for an indirect disposal tax to be applied to a change of control in Ngwena Tanzania under the Tanzanian *Income Tax Act 2004*. The Directors have formed the view that the completion of the Offer will not trigger a change of control in Ngwena Tanzania or any other material adverse taxation consequences. However, there is a risk that the Tanzanian taxation authorities take an alternative view to the Board and seek to impose taxes on the Company and/or the Evolution Group.

Future indirect disposal tax risk

The Tanzanian *Income Tax Act 2004* contains indirect disposal tax provisions which apply where there is a change of more than 50% in the underlying ownership of a Tanzanian entity compared to the ownership in that entity over the past 3 years. This indirect disposal tax is calculated at a rate of 30% on the deemed gain realised by the Tanzanian entity (if any). Generally, Tanzanian tax authorities have not historically sought to impose change of control taxes as a consequence of the trading of holding company shares listed on a stock exchange. Nevertheless, this prospect, together with the prospect that any potential takeover bidder for the Company in the future may potentially offer a discounted offer price by reason of the potential application of this tax, could result in a discount to the trading price of Shares on ASX, and if this change of control tax were imposed on Ngwena Tanzania at any time, the Company would bear the financial burden.

5.3 Industry specific

Commodity prices and exchange rate risks

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of graphite products exposes the potential income of the Company to commodity price and exchange rate risks.

Changes in the market price of mineral commodities have historically fluctuated widely, and will affect the profitability of the Company's operations and its financial condition in the future, if and when the Company enters production. The Company's revenues, long term profitability and viability will depend on the price of the graphite that is produced from the Chilalo Project. The market price of graphite is set in the world market and is affected by numerous industry factors beyond the Company's control including demand, expectations with respect to the rate of inflation, interest rates, currency exchange rates, and industrial products containing metals, graphite production levels, inventories, cost of substitutes, changes in global or regional investment or consumption patterns, sales by central banks and other holders, speculators and processors of graphite and other metals in response to any of the above factors, and global and regional political and economic factors.

Unlike the majority of base and precious metals, there is no designated exchange or index for graphite pricing. As a result, there is a lack of market transparency associated with the price of graphite.

A decline in the market price of flake graphite products below the Company's production costs for any sustained period would have a material adverse impact on the profit, cash flow and results of the operations of the Chilalo Project and anticipated future operations. Such a decline could also have a material adverse impact on the ability of the Company to finance the exploration and development of its existing and future mineral projects.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

Exploration costs

The exploration costs of the Company as summarised in Section 2.6 and 3.6 are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainty, and accordingly, the actual costs may materially differ from the estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely impact the Company's viability.

Resource and reserves and exploration targets

The Company has identified a number of exploration targets based on geological interpretations and geophysical data, geochemical sampling and limited historical drilling. However, there is insufficient data to provide certainty over the extent of the mineralisation. Whilst the Company intends to undertake additional exploratory work with the aim of defining a resource, no assurances can be given that additional exploration will result in the determination of a resource on any of the exploration targets identified. Even if a resource is identified no assurance can be provided that this can be economically extracted.

Reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when initially calculated may alter significantly when new information or techniques become available. In addition, by their very nature resource and reserve estimates are imprecise and depend to some extent on interpretations which may prove to be inaccurate.

Mine development

Possible future development of mining operations at the Chilalo Project is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

If the Company commences production on any of the Chilalo Project, its operations may be disrupted by a variety of risks and hazards which are beyond the control of the Company. No assurance can be given that the Company will achieve commercial viability through the development of the Chilalo Project.

The risks associated with the development of a mine will be considered in full should the Chilalo Project reach that stage and will be managed with ongoing consideration of stakeholder interests.

Equipment and availability

The Company's ability to undertake mining and exploration activities is dependent upon its ability to source and acquire appropriate mining equipment. Equipment is not always available and the market for mining equipment experiences fluctuations in supply and demand. If the Company is unable to source appropriate equipment economically or at all then this would have a material adverse effect on the Company's financial or trading position.

Sovereign risk – Tanzania

The Chilalo Project is located in Tanzania and is subject to the risks associated with operating in foreign countries. There are risks attached to exploration and mining operations in a developing country like Tanzania which are not necessarily present in a developed country like Australia. These risks vary may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of (or the interpretation of) law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, labour relations as well as government control over natural resources or government regulations that require the employment of local staff or contractors or require

other benefits to be provided to local residents. The Company may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality.

Any future material adverse changes in government policies or legislation in Tanzania that affect foreign ownership, exploration, development or activities of companies involved in mining exploration and production, may affect the viability and profitability of the Company. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on exploration, development, mining production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use, local economic empowerment or similar policies, employment, contractor selection and mine safety. Operations may also be affected by failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors creates uncertainties that cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability.

Tanzania's legal system is less developed than more established countries and this could result in the following risks:

- political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation or in an ownership dispute;
- a higher degree of discretion held by various government officials or agencies;
- the lack of political or administrative guidance on implementing applicable rules and regulations, particularly in relation to taxation and property rights;
- inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- relative inexperience of the judiciary and court in matters affecting the Company.

The commitment from local business people, government officials and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that legal arrangements with the Company will not be adversely affected by the actions of the government authorities or others. As such, the effectiveness and enforcement of any such arrangements cannot be assured.

In Tanzania, the State retains ownership of the minerals and consequently retains control of the exploration and production of mineral resources. Accordingly, these operations may be materially affected by the government through royalty payments, export taxes and regulations, surcharges, value added taxes, production bonuses and other charges.

There can be no guarantee that the Company will be able to generate a positive return for its Shareholders if an event occurs in Tanzania which materially adversely affects the value of the Chilalo Project.

Risks associated with changes in legislation

Changes to mineral exploration or investment policies and legislation or a shift in political attitude within the jurisdiction in which the Company operates may adversely affect the Company's proposed operations and profitability. Government action or policy change in relation to access to lands and infrastructure, compliance with environmental regulations, export restrictions, taxation, royalties and subsidies may adversely affect the Company's operations and financial performance. The Company is governed by a series of national laws and regulations. Breaches or non-compliance with these laws and regulations can result in penalties and other liabilities.

These may have a material adverse impact on the financial position, financial performance, cash flows, growth prospects and share price of the Company.

These laws and regulations may be amended from time to time, which may also have a material adverse impact on the financial position, financial performance, cash flows, growth prospects and share price for the Company. The legal and political conditions in Tanzania and any changes thereto are outside the control of the Company.

The introduction of new legislation or amendments to existing legislation by the national government, developments in existing common law, or the interpretation of the legal requirements which govern the Company's operations or contractual obligations, could adversely affect the assets, operations and, ultimately, the financial performance of the Company and the value of its securities. In addition, there is a commercial risk that legal action may be taken against or by the Company in relation to commercial matters.

In addition, the evolution and interpretation of Tanzanian legislation is uncertain and may impose restrictions on the Company.

The Company's business is subject to various levels of government controls and regulations which are revised from time to time. The Company is unable to predict what legislation may be proposed that might affect its business or when any such proposals, if enacted, might become effective. Such changes could require increased capital and operating expenditures and could prevent or delay certain operations by the Company. To the extent the Company is unable to comply with any such legislation, whether in the future or past, the Company may be unable to continue to successfully operate.

5.4 General risks

Economic

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

COVID-19 risk

The global economic outlook is facing continuing uncertainty due to the current COVID-19 pandemic, which has been having, and will likely continue to have, a significant impact on global capital markets, commodity prices and foreign exchange rates. The likelihood and severity of any potential impacts are however very difficult to predict.

The ongoing COVID-19 pandemic and any other possible future outbreaks of viruses may have a significant adverse effect on the Company. The spread of such diseases amongst the Company's management, employees, contractors, suppliers and logistic networks, as well as any quarantine and isolation requirements, may reduce the Company's ability to operate and have detrimental financial implications.

Climate change risk

There has been increasing concern by the public and regulators globally on climate change issues. As a resources company, Evolution is exposed to physical risks associated with climate change. Physical risks resulting from climate change can be acute or chronic. Acute physical risks refer to those that are event-driven, including increased severity of extreme weather events, such as cyclones or floods. Chronic physical risks refer to longer term shifts in climate patterns (for example, sustained higher temperatures) that may cause sea level rises or chronic heat waves. The transition and physical risks associated with climate change (including also regulatory responses to such issues and associated costs) may significantly affect the Company's operating and financial performance.

Competition risk

There is a risk that the Company will not be able to compete profitably in supplying graphite products. The potential exists for the nature and extent of the competition to change, which may impact the viability of the Company's projects or future operations.

The graphite industry is subject to domestic and global competition. Although the Company will undertake reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Chilalo Project.

Occupational health and safety risk

Mining activities have inherent risks and hazards. The Company is committed to providing a safe and healthy workplace and environment for its personnel, contractors and visitors. The Company will provide appropriate instructions, equipment, preventative measures, first aid information, medical facilities and training to all stakeholders through its occupational health and safety management systems. While the Company's current parent company has a strong record in achieving high quality safety performance at its sites and the Company intends to implement the same systems, a serious site safety incident may expose the Company to significant penalties and the Company may be liable for compensation to the injured personnel. These liabilities may not be covered by the Company's insurance policies (when in place) or, if they are covered, may exceed the Company's policy limits or be subject to significant deductibles. Also, any claim under the Company's insurance policies (when in place) could increase the Company's future costs of insurance. Accordingly, any liabilities for workplace accidents could have a material adverse impact on the Company's liquidity and financial results.

It is not possible to anticipate the effect on the Company's business from any changes to workplace occupational health and safety legislation. Changes to this legislation may have an adverse impact on the financial performance and/or financial position of the Company.

Currently no market for Shares

There is currently no public market for the Shares, the price of the Shares is subject to uncertainty and there can be no assurance that an active market for the Shares will develop or continue after the Offer.

The price at which the Shares trade on ASX after listing may be higher or lower than the Offer Price and could be subject to fluctuations in response to variations in operating performance and general operations and business risk, as well as external operating factors over which the Directors and the Company have no control, such as movements in mineral prices and exchange rates, changes to government policy, legislation or regulation and other events or factors.

There can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase.

There may be relatively few or many potential buyers or sellers of the Shares on ASX at any given time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is above or below the price that Shareholders paid.

Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;

- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall and rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of exploration companies experience extreme price and volume fluctuations that have often been unrelated to the operating performance of such companies. These factors may materially affect the market price of the Shares regardless of the Company's performance.

Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

Reliance on key personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of the Directors or employees ceases their involvement with the Company.

Agents and contractors

The Directors are unable to predict the risk of the insolvency or managerial failure by any of the contractors used (or to be used in the future) by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used (or to be used in the future) by the Company for any activity.

Counterparty risk

The Company will likely enter into a number of commercial agreements with third parties. There is a risk that the counterparties may not meet their obligations under those agreements.

The ability of the Company to achieve its stated objectives will depend on the performance by the counterparties, with whom the Company has contracted, or will contract with, of their obligations under the relevant agreements. If any party defaults in the performance of its obligations, it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly.

Force majeure

The Chilalo Project now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

Litigation risks

The Company is exposed to possible litigation risks including tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position.

Regulatory risks

The Company's exploration and development activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities.

Obtaining necessary permits can be a time-consuming process and there is a risk that the Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the tenements.

Accounting standards

Australian Accounting Standards (**AAS**) are adopted by the Australian Accounting Standards Board (**AASB**) and are not within the control of the Company and its Directors. The AASB may, from time to time, introduce new or refined AAS, which may affect the future measurement and recognition of key statement of profit or loss and statement of financial position items. There is also a risk that interpretation of existing AAS, including those relating to the measurement and recognition of key statement of profit or loss or statement of financial position items may differ. Any changes to the AAS or to the interpretation of those standards may have an adverse effect on the reported financial performance and position of the Company.

5.5 Investment highly speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares.

Therefore, the New Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those New Shares.

Potential investors should consider that investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

06. Financial Information

6.1 Introduction

The Company was incorporated on 15 March 2021. On 17 September 2021, the Company entered into the Share Exchange Agreement with Marvel Gold pursuant to which Marvel Gold sold its 100% interest in Evolution HoldCo to the Company. This acquisition transferred Marvel Gold's indirect 100% interest in the Chilalo Project to the Company. See Section 9.1 for a summary of this agreement.

The financial information contained in this Section 6 includes:

(a) the historical financial information of Marvel Gold (on a consolidated basis) comprising:

(i) the income statements for the financial years ended 30 June 2019 and 30 June 2020 and for the half-years ended 31 December 2019 and 31 December 2020;

(ii) the statement of financial position as at 31 December 2020; and

(iii) the statements of cash flows for the financial years ended 30 June 2019 and 30 June 2020 and for the half-years ended 31 December 2019 and 31 December 2020,

(collectively, the **Historical Financial Information**); and

(b) the pro forma historical financial information of the Company (on a consolidated basis) comprising:

(i) the pro forma income statements for the financial years ended 30 June 2019 and 30 June 2020 and for the half-years ended 31 December 2019 and 31 December 2020;

(ii) the pro forma statement of financial position as at 31 December 2020; and

(iii) the pro forma statements of cash flows for the financial years ended 30 June 2019 and 30 June 2020 and for the half-years ended 31 December 2019 and 31 December 2020,

in each case as set out in Section 6.6 (collectively the **Pro Forma Historical Financial Information** and, together with the Historical Financial Information, the **Financial Information**).

The information set out in this Section 6 should be read together with:

- the risk factors described in Section 5;
- the use of funds described in Section 2.6;
- the capital structure described in Section 3.13; and
- the other information contained in this Prospectus.

All amounts disclosed in this Section 6 are presented in Australian dollars, unless otherwise noted.

Investors should also note that historical results are not a guarantee of future performance.

The Pro Forma Historical Financial Information has been reviewed by PricewaterhouseCoopers Securities Ltd (**PwCS**) in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective

Financial Information as stated in its Investigating Accountant's Report set out in Appendix 3. Investors should note the scope and limitations of the Investigating Accountant's Report.

6.2 Basis of preparation

The Financial Information was prepared by management and was adopted by the Directors. The Directors are responsible for the inclusion of all Financial Information in this Prospectus.

The Financial Information has been prepared in accordance with the measurement and recognition principles of the Australian Accounting Standards (**AAS**) adopted by the Australian Accounting Standards Board (**AASB**), which are consistent with International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board (**IASB**).

The Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures, statements and comparative information as required by AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

Significant accounting policies relevant to the Financial Information are set out in Section 6.7.

The Pro Forma Historical Financial Information of the Company has been derived from:

- the interim financial statements of Marvel Gold for the period ended 31 December 2020 which were reviewed by BDO Audit (WA) Pty Ltd, in accordance with Australian Auditing Standards. An unqualified review conclusion was issued in respect of these accounts with an emphasis of matter relating to going concern;

- the interim financial statements of Marvel Gold for the period ended 31 December 2019 which were reviewed by PricewaterhouseCoopers, in accordance with Australian Auditing Standards. An unqualified review conclusion was issued in respect of these accounts with an emphasis of matter relating to going concern; and

- the financial statements of Marvel Gold for the years ended 30 June 2019 and 30 June 2020 which were audited by PricewaterhouseCoopers in accordance with Australian Auditing Standards. PricewaterhouseCoopers issued an unqualified audit opinion on these full year financial statements with an emphasis of matter relating to going concern.

The Pro Forma Historical Financial Information includes pro forma adjustments to reflect the impact of certain transactions as if they occurred as at 31 December 2020 in the pro forma statement of financial position and immediately prior to 1 July 2018 in the pro forma income statements and pro forma statements of cash flows.

Basis for the reporting approach

The Company was incorporated on 15 March 2021 in order to restructure the group such that the beneficial ownership of the Chilalo Project was transferred to the Company prior to this Prospectus, and accordingly, the Company does not have any historical financial information.

The Directors are of the opinion that the inclusion of the Financial Information is the most appropriate basis upon which to explain the historical financial performance and position of the Company to investors in this Prospectus, on the basis that:

- due to its recent incorporation, the lack of consolidated historical audited financial reports for the Company means it would not be possible to prepare or provide historical financial statements for the six months ended 31 December 2020 (or for any prior period); and

- prior to July 2020, Marvel Gold was a single project company listed on the ASX with its sole project being the Chilalo Project. Therefore, the Historical Financial Information of Marvel Gold for the half-year ended 31 December 2019 and the years ended 30 June 2019 and 30 June 2020 is, in the Director's opinion, representative of the financial performance expected for the Evolution Group should it have controlled the Chilalo

Project during those periods (subject to pro forma adjustments as included in the Pro Forma Financial Information).

Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information has been prepared solely for the purposes of inclusion in this Prospectus.

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information, and adjusted to reflect the:

- removal of activities and transactions related to the Malian gold joint ventures that Marvel Gold entered into in July 2020;
- completion of the Share Exchange Agreement to effect the internal restructure including the transfer of the share capital in Evolution HoldCo to the Company (this acquisition transferred Marvel Gold's indirect 100% interest in the Chilalo Project to the Company);
- the issue of 49,999,999 Shares to Marvel Gold and the recognition of the $2,000,000 Marvel Cash Consideration to Marvel Gold as consideration for the sale of the Chilalo Project within trade and other payables (on the assumption that PL 11034/2017 is reinstated prior to 31 December 2021 - refer to Section 9.1) and the forgiveness of the intercompany loans under the Share Exchange Agreement;
- payment of the assumed $2,000,000 Marvel Cash Consideration (noting that if PL 11034/2017 is not reinstated on or before 31 December 2021, then the Marvel Cash Consideration reduces to $1,000,000);
- the repayment of the Lender Debt of $9,500,000;
- the issue of 1,875,000 Shares to the Marketing Advisor as consideration for the Marketing Engagement services;
- the impact of the Offer, including the costs of the Offer and receipt of proceeds received from the Offer of $22,000,000 via:
    - the issue of 70,000,000 New Shares at the Offer Price under the General Offer; and
    - the issue of 40,000,000 New Shares at the Offer Price under the Cornerstone Offer;
- the grant of the Chilalo Project Royalty for gross proceeds of $2,000,000; and
- the issue of Options to the Cornerstone Investor, the Joint Lead Managers (or their nominees) and the Directors as described in the notes to the Pro Forma Historical Financial Information.

No adjustments have been made in the Pro Forma Historical Financial Information for any one-off or nonrecurring costs, other than those set out in the pro forma adjustments.

The Company does not expect to generate revenue or utilise any tax deductions in the immediate future and as a result, pro forma adjustments as presented in Section 6.6 are not tax effected. The Pro Forma Historical Financial Information was prepared on the basis that no transaction taxes (including indirect disposal tax) are levied as a result of the completion of the Offer. Refer to Section 5.2 (under headings "Tax risk" and "Future indirect disposal tax risk") for Company specific risk relating to corporate taxation and Tanzanian change of control taxation.

Going concern

The Financial Information has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business.

The Company, after its incorporation, received a letter of financial support from its parent company, Marvel Gold, accepting responsibility for providing and undertaking to provide sufficient financial assistance to the Company as and when it is needed to enable the Company to continue its operations up until the point it successfully raises new capital and lists on the ASX. Marvel Gold has also agreed to pay certain costs incurred by Evolution in respect of the Offer. Upon completion of the Offer and Evolution receiving conditional approval to list on the ASX, Evolution has agreed to repay the costs incurred by Marvel Gold on behalf of Evolution (see Section 2.6 and 9.1 for more information).

On the assumption that the Offer is successfully completed, the Company will have sufficient working capital to continue as a going concern. If the Company does not raise the Minimum Subscription, the Offer will not complete, the Company will not list on ASX and the Company will remain a wholly-owned subsidiary of Marvel Gold with its activities supported by Marvel Gold.

The historical and pro forma historical statements of financial position do not include adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the Company continue as a going concern.

6.3 Historical consolidated income statements of Marvel Gold

	Half year ended 31 December 2019	Half year ended 31 December 2020	Year ended 30 June 2019	Year ended 30 June 2020
Continuing operations				
Other income	1,500	887	3,731	1,702
Government incentives and rebates	386,948	67,500	201,735	436,948
Fair value gain on Lender Debt	-	1,307,349	-	-
Foreign currency gain	-	904,760	-	-
Corporate and administrative expenses	(680,140)	(542,063)	(1,297,059)	(1,238,772)
Employee benefits (net of recharges)[1]	(390,842)	(316,272)	(931,215)	(727,725)
Business development and marketing	(434,886)	(250,384)	(1,383,857)	(698,332)
Finance costs	(890,121)	(1,111,586)	(513,187)	(1,949,048)
Exploration expenses	(2,956,347)	(2,793,258)	(4,231,952)	(3,461,198)
Share based payments	(24,455)	(604,591)	138,657	149,584
Other expenses	-	-	(36,605)	-
Loss before income tax	**(4,988,343)**	**(3,337,658)**	**(8,049,751)**	**(7,486,841)**
Income tax expense	-	-	-	-
Loss after tax	**(4,988,343)**	**(3,337,658)**	**(8,049,751)**	**(7,486,841)**

1. In the half years ended 31 December 2019 and 31 December 2020, employee benefits expenditure was presented net of recharges generated by Marvel Gold under cost sharing arrangements. In the years ended 30 June 2019 and 30 June 2020, employee benefits expenditure and other income were presented on a gross basis to reflect the salary cost and associated recharge income (at cost). For consistency purposes, employee benefits expenditure has been presented on a net basis in all periods. This does not impact the loss before tax in any period.

6.4 Historical consolidated statements of cash flows of Marvel Gold

	Half year ended 31 December 2019	Half year ended 31 December 2020	Year ended 30 June 2019	Year ended 30 June 2020
Cash flows from operating activities				
Payments to suppliers and employees	(853,792)	(1,035,722)	(2,207,252)	(1,567,498)
Payments for business development and marketing	(460,088)	(422,665)	(1,370,280)	(553,296)
Payment of exploration and evaluation expenditure	(3,000,889)	(3,120,099)	(2,476,773)	(3,664,566)
Receipts from government incentives and rebates	386,948	67,500	201,735	436,948
Interest received	1,500	887	3,731	1,702
Net cash (outflow) from operating activities	**(3,926,321)**	**(4,510,099)**	**(5,848,839)**	**(5,346,710)**
Cash flows from investing activities				
Payment for property, plant and equipment	(7,775)	(348,589)	(36,464)	(15,495)
Payments for earn-in joint venture stage payments	-	(380,834)	-	-
Net cash (outflow) from operating activities	**(7,775)**	**(729,423)**	**(36,464)**	**(15,495)**
Cash flows from financing activities				
Proceeds from the issue of Lender Debt	1,353,701	-	5,192,664	1,358,576
Lender Debt issue costs	(66,328)	(59,500)	-	-
Proceeds from the issue of ordinary shares	2,500,000	10,922,353	104,567	3,452,409
Shareholder funds received in advance	-	-	-	35,000
Share issue transaction costs	(244,590)	(795,096)	(21,997)	(407,070)
Net cash inflow from financing activities	**3,542,783**	**10,067,757**	**5,275,234**	**4,438,915**
Net increase/(decrease) in cash equivalents	**(391,313)**	**4,828,235**	**(610,069)**	**(923,290)**

6.5 Management commentary on historical results

Historically, Marvel Gold has been focused on the development of the Chilalo Project, which included the conducting of the DFS and a comprehensive product sales and project financing process. In October 2018, Marvel Gold received interim funding of US$5,000,000 from the Lender to complete the DFS.

However, in March 2020, the Lender notified Marvel Gold that it would not be proceeding with the additional senior funding package of US$80,000,000 for the development of the Chilalo Project as a result of the economic uncertainty caused by COVID-19.

As a result, Marvel Gold subsequently agreed with the Lender to restructure the Lender Debt (effective on completion of the Share Exchange Agreement) which included:

- confining the Lender's Security to Chilalo Project related assets;
- paying an amendment fee of 7.5% of the debt capitalised into the balance of the Lender Debt;
- paying a security release fee of US$100,000;
- issuing 7,500,000 shares in Marvel Gold to the Lender; and

- extending the due date of the Lender Debt by two years to October 2022.

Under the requirements of AASB 9 Financial Instruments the accounting for modification of a financial liability depends on whether the modification is a substantial or a non-substantial modification. The modification is substantial where the present value of the restructured cash flows differ from the carrying value of the debt by more than 10%. Marvel Gold assessed this modification to be substantial and accounted for it as an extinguishment. In making this assessment, Marvel Gold applied a discount rate of 30% to the present value of restructured cashflow. Marvel Gold is the only ASX listed graphite company that had secured debt and therefore the discount rate used to assess fair value was the effective interest rate at the date of amendment being the only reference to the fair value of the cost of debt.

In addition to the fair value gain recognised in the income statement, the weakening of the US dollar against the Australian dollar resulted in $904,760 foreign currency gain on the US dollar denominated loan.

At the end of each reporting period the Company applies a probability to the value of Options issued under the employee share scheme with non-market based vesting criteria to reflect the likely number of Options that will vest at the end of the vesting period. This takes into consideration all the vesting criteria. Given Marvel Gold's change in strategic direction (as announced in June 2021) all previous Options lapsed unvested. This is a result of previous vesting criteria being based on progression and financing of the Chilalo Project and results in a reversal of amounts previously expensed. This has resulted in a negative expense in the historical consolidated income statement in the years ended 30 June 2019 and 30 June 2020.

6.6 Pro Forma Historical Financial Information of Evolution

The Pro Forma Historical Financial Information of Evolution is provided for illustrative purposes only and is not represented as being necessarily indicative of the Company's view of its actual or prospective financial position.

(a) Pro forma consolidated historical income statements of Evolution

	Half year ended 31 December 2019	Half year ended 31 December 2020	Year ended 30 June 2019	Year ended 30 June 2020
Continuing operations				
Government incentives and rebates	386,948	-	201,735	436,948
Corporate and administrative expenses	(680,140)	(542,064)	(1,297,059)	(1,238,772)
Employee benefits	(390,842)	(316,272)	(931,214)	(727,725)
Business development and marketing	(434,886)	(44,520)	(1,383,857)	(698,332)
Exploration expenses	(2,956,347)	(104,399)	(4,231,952)	(3,461,198)
Other expenses	-	-	(36,605)	-
Loss before income tax	**(4,075,267)**	**(1,007,254)**	**(7,678,952)**	**(5,689,079)**
Income tax expense	-	-	-	-
Loss after tax	**(4,075,267)**	**(1,007,254)**	**(7,678,952)**	**(5,689,079)**

Reconciliation of Marvel Gold historical loss before tax to the Evolution pro forma historical loss before tax

A reconciliation of Marvel Gold's historical profit before tax to the Evolution pro forma historical profit before tax for the years ended 30 June 2019 and 30 June 2020 and the half years ended 31 December 2019 and 31 December 2020 is shown in the following table:

	Half year ended 31 December 2019	Half year ended 31 December 2020	Year ended 30 June 2019	Year ended 30 June 2020
Marvel Gold historical loss before tax[1]	(4,988,342)	(3,337,658)	(8,049,751)	(7,486,841)
Removal of net finance costs[2]	888,620	(1,100,523)	509,456	1,947,346
Removal of share-based payments[3`]	24,455	604,591	(138,657)	(149,584)
Removal of gold expenditure[4]	-	2,826,335	-	-
Evolution pro forma loss before income tax	**(4,075,267)**	**(1,007,254)**	**(7,678,952)**	**(5,689,079)**

1. Public company (eg listing fees) and corporate costs of the Evolution Group are estimated to be at a level consistent with that of Marvel Gold and therefore the amounts within the Marvel Gold historical loss before tax encapsulate these costs. As a result, this does not require a separate pro forma adjustment.

2. Following the completion of the Offer, the Evolution Group will be a standalone group listed on the ASX and the Lender Debt will be repaid out of the proceeds of the Offer. This pro forma adjustment removes net finance costs, comprising historical interest income, expense, associated fair value adjustments and foreign currency movements in respect of the Lender Debt.

3. The pro forma adjustments for the 30 June 2019 and 30 June 2020 financial years and the half year ended 31 December 2019 remove the share-based payments relating to historical employee shares scheme issues. The share-based payments expense related to Marvel Gold's key management personnel that are not likely to be representative of the future employee share scheme issues of the Company. The expenses, and in some cases above, contra-expenses, are also a result of the unwinding of expenses from previous historical periods.

   At the end of each reporting period, Marvel Gold applies a probability to options with non-market based vesting criteria to reflect the likely number of options that will vest at the end of the vesting period taking into consideration all the vesting criteria. Given Marvel Gold's change in strategic direction all previous options lapsed unvested. This is a result of previous vesting criteria being based on progression and financing of the Chilalo Project. This results in a reversal of amounts previously expensed.

   The pro forma adjustment for the 31 December 2020 is to remove share-based payments with key management personnel related to Marvel Gold's Malian gold projects which are therefore not representative of future issue of Options by the Company.

   Following the completion of the Offer, it is expected that share-based payment expenditure will be incurred in future periods. By way of example, this may result from Options issued pursuant to the Option Plan.

4. As outlined under the "Basis for reporting approach" heading in Section 6.2, the Pro Forma Historical Financial Information has been prepared on the basis that Marvel Gold's historical financial information when it held the Chilalo Project as a single project company would be representative of the ongoing profit or loss of the Evolution Group. However, Marvel Gold acquired Mali gold projects in July 2020. Therefore, a pro forma adjustment is required to remove all income and expenses that relate to these newly acquired gold projects (which are unrelated to Evolution and the Chilalo Project). No such expenses were incurred in periods prior to the half-year beginning 1 July 2020.

(b) Pro forma consolidated historical statement of cash flows of Evolution

	Half year ended 31 December 2019	Half year ended 31 December 2020	Year ended 30 June 2019	Year ended 30 June 2020
Cashflows from operating activities				
Payments to suppliers and employees	(853,792)	(1,035,722)	(2,207,252)	(1,567,498)
Payments for business development and marketing	(460,088)	(44,520)	(1,370,280)	(553,296)
Payment of exploration and evaluation expenditure	(3,000,889)	(104,399)	(2,476,773)	(3,664,566)
Receipts from government incentives and rebates	386,948	-	201,735	436,948
Net cash (outflow) from operating activities	**(3,927,821)**	**(1,184,640)**	**(5,852,570)**	**(5,348,412)**
Cashflows from investing activities				
Payment for property, plant and equipment	(7,775)	-	(36,464)	(15,495)
Net cash (outflow) from operating activities	**(7,775)**	**-**	**(36,464)**	**(15,495)**
Cashflows from financing activities				
Financing activities [1]	-	-	-	-
Net cash inflow from financing activities	**-**	**-**	**-**	**-**
Net increase/(decrease) in cash equivalents	**(3,935,596)**	**(1,184,640)**	**(5,889,034)**	**(5,363,907)**

1. All financing cashflows have been adjusted on a pro forma basis as they relate to the issue of shares and drawing of the Lender Debt from the Lender by Marvel Gold. Other than the share issue and subsequent fund raising as a result of the Offer, which is reflected in the Evolution pro forma historical statement of financial position as at 31 December 2020, financing cash flows historically reported by Marvel Gold are not considered relevant to the Company.

Reconciliation of Marvel Gold net cash flows to Evolution pro forma historical net cashflows

A reconciliation of Marvel Gold's historical net cashflows to Evolution's pro forma historical net cashflows for the years ended 30 June 2019 and 30 June 2020 and the half years ended 31 December 2019 and 31 December 2020 is shown in the following table:

	Half year ended 31 December 2019	Half year ended 31 December 2020	Year ended 30 June 2019	Year ended 30 June 2020
Net increase/(decrease) in cash equivalents	(391,313)	4,828,235	(610,069)	(923,290)
Removal of funding from Loan Notes and costs[1]	(1,288,873)	-	(5,196,395)	(1,360,278)
Removal of gold project cashflows[2]	-	(6,012,876)	-	-
Removal of proceeds from the issue of shares[3]	(2,255,410)	-	(82,570)	(3,080,339)
Pro-forma net increase/(decrease) in cash equivalents	**(3,935,096)**	**(1,184,641)**	**(5,889,034)**	**(5,363,907)**

1. Following the completion of the Offer, the Evolution Group will be a standalone group listed on the ASX and the Lender Debt will be repaid out of the funds raised under the Offer. The pro forma adjustments remove any historical Lender Debt cashflows.

2. As outlined under the "Basis for reporting approach" heading in Section 6.2, the Pro Forma Historical Financial Information has been prepared on the basis that Marvel Gold's historical financial information when it held the Chilalo Project as a single project company would be representative of the ongoing cashflows of the Evolution Group. Marvel Gold acquired Mali gold

projects in July 2020. Therefore, a pro forma adjustment is required in the half year ended 31 December 2020 in order to remove all cash flows that relate to these gold projects.

3. All financing cash flows as a result of the issue of shares by Marvel Gold have been adjusted on a pro forma basis as they are not considered relevant to the Company.

(c) Marvel Gold historical and Evolution pro forma historical statement of financial position as at 31 December 2020

Basis of preparation

The Evolution pro forma historical statement of financial position as at 31 December 2020 set out below is provided for illustrative purposes only and is prepared on the assumption that the transactions contemplated in Section 6.2 under the heading "Pro Forma Historical Financial Information" were implemented as at 31 December 2020.

The Evolution pro forma historical statement of financial position does not illustrate the financial position that may be contained in future financial statements of Evolution following the completion of the Offer.

In preparing the Evolution pro forma historical statement of financial position, no adjustments have been made for potential changes in the cost or operating structure resulting from the completion of the Offer or to reflect the trading of Evolution since 31 December 2020 or the fair value movements of financial assets post 31 December 2020 however adjustments have been made for capital restructures that will take place as a result of the completion of the Offer.

	31 December 2020	Capital re-organisation and removal of gold projects[1]	JLM Options, Incentive Options[2]	Offer transaction costs[3]	Chilalo Project Royalty[4]	Offer, repayment of Lender Debt and Marvel Cash Consideration settlement[2,5]	Pro-forma
	$	$	$	$	$	$	$
Current assets							
Cash and cash equivalents	**5,140,858**	(5,115,126)	-	-	2,000,000	8,385,255	**10,410,988**
Asset held for sale	**5,000,000**	(5,000,000)	-	-	-	-	**-**
Trade and other receivables	**231,139**	(217,296)	-	-	-	375,000	**388,843**
Total current assets	**10,371,998**	(10,332,422)	-	-	2,000,000	8,760,255	**10,799,831**
Non-current assets							
Property, plant and equipment	**384,792**	(372,075)	-	-	-	-	**12,717**
Exploration and evaluation asset	**1,230,834**	3,769,166	-	-	-	-	**5,000,000**
Total non-current assets	**1,615,626**	3,397,091	-	-	-	-	**5,012,717**
Total assets	**11,987,624**	(6,935,332)	-	-	2,000,000	9,116,124	**15,812,548**
Current liabilities							
Trade and other payables	**(458,040)**	(1,541,960)	-	(1,333,344)	-	3,333,345	**-**
Liabilities directly associated with assets classified as held for sales	**(7,419,909)**	7,419,909	-	-	-	-	**-**
Provisions	**(131,824)**	130,767	-	-	-	-	**(1,057)**
Total current liabilities	**(8,009,773)**	6,008,716	-	(1,333,344)	-	3,333,345	**(1,057)**
Non-current liabilities							
Provisions	**(9,621)**	9,621	-	-	-	-	**-**
Deferred income	**-**	**-**	**-**	**-**	(2,000,000)	**-**	**(2,000,000)**
Loans and borrowings	**-**	(9,500,000)	-	-	-	9,500,000	**-**
Total non-current liabilities	**(9,621)**	(9,490,379)	-	-	(2,000,000)	9,500,000	**(2,000,000)**
Total liabilities	**(8,019,394)**	(3,481,663)	-	(1,333,344)	(2,000,000)	12,783,344	**(2,001,057)**
Net assets	**3,968,230**	**(10,416,995)**	**-**	**(1,333,344)**	**-**	**21,593,600**	**13,811,492**
EQUITY							
Share capital and reserves	(32,870,823)	23,197,256	(1,664,400)	532,499	-	(21,593,600)	**(32,399,068)**
Accumulated losses	28,902,593	(12,780,261)	1,664,400	800,845	-	-	**18,572,577**
Total equity	**(3,968,230)**	**10,416,995**	**-**	**1,333,344**	**-**	**(21,593,600)**	**(13,811,491)**

Notes to the Marvel Gold historical and Evolution pro forma historical statement of financial position

1. As outlined under the "Basis for reporting approach" heading in Section 6.2, the Pro Forma Historical Financial Information has been prepared on the basis that Marvel Gold's historical financial information when it held the Chilalo Project as a single project company would be representative of the ongoing statement of financial position of the Evolution Group. Marvel Gold acquired Mali gold projects in July 2020. Therefore, a pro forma adjustment is required to remove all asset, liabilities and equity balances that relate to these acquired gold projects.

   The pro forma adjustment reflects the implementation of the Share Exchange Agreement (summarised in Section 9.1), resulting in:

   a. an internal restructure within the Marvel Gold group, which was a transaction that occurred under common control, accounted for as a capital reorganisation and results in Evolution reflecting the book value of Graphex UK's net assets as at 31 December 2020;

   b. the forgiveness of intercompany loans owed to Marvel Gold, totalling $5,350,000 as at 31 December 2020; and

   c. the recognition of the Marvel Cash Consideration on the assumption that PL 11034/2017 has been reinstated prior to 31 December 2021 and $2,000,000 is payable to Marvel Gold (refer to Section 9.1 for more detail), reflected within trade and other payables; and

   d. the reimbursement of $1,333,344 in costs incurred by Marvel Gold on behalf of the Company prior to the Offer.

   The residual balance after accounting for the transactions above is recognised within equity.

   The pro forma adjustment also reflects the reclassification of the Lender Debt from liabilities directly associated with assets classified as held for sale to non-current loans and borrowings and revaluation to the amount to be repaid pursuant to the Lender Debt Repayment.

2. As part of the Offer, the Cornerstone Investor will be issued 20,000,000 Cornerstone Options, the Joint Lead Managers (or their nominees) will be issued 7,500,000 JLM Options and the Directors and Key Management Personnel of Evolution will be issued 14,600,000 Incentive Options.

   The total share-based payment expense arising from the issue of the JLM Options and Incentive Options disclosed above is estimated to be $2,519,400. Of this, $855,000 has been offset against equity raised as directly attributable to the issue of Shares under the Offer.

   The fair value of the issue of the Cornerstone Options issued to the Cornerstone Investor pursuant to the terms of the Investment Deed (summarised in Section 9.2) is estimated to be $2,280,000. This amount has been recognised within share capital and reserves. This has been reflected in footnote 5 below.

   The fair value of these Options valued using the Black Scholes option pricing model. The material inputs of the Options to be issued are as follows:

	Director Incentive Options	Key Management Personnel Incentive Options	JLM Options	Cornerstone Options
Fair value per Option	$0.11	$ 0.11	$0.11	$0.11
Model inputs:				
Number of Options	12,950,000	1,650,000	7,500,000	20,000,000
Underlying share price	$0.20	$0.20	$0.20	$0.20
Exercise price	$0.25	$0.25	$0.25	$0.25
Grant date	Listing date	Listing date	Listing date	Listing date
Expiry date	3 years from the Listing date	3 years from the Listing date	3 years from the Listing date	3 years from the Listing date
Vesting period	Immediate	Immediate	Immediate	Immediate
Expected price volatility	100%	100%	100%	100%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	1.04%	1.04%	1.04%	1.04%
Escrow conditions	24 months	Nil	24 months	12 months

3. The following are the estimated costs associated with the Offer:

Estimated Offer-associated costs	$
Technical Expert's Report	27,000
Investigating Accountant's Report	80,000
Taxation advice	62,000
Legal costs	325,000
ASX listing fee	77,000
Costs incurred by Marvel Gold on behalf of the Company prior to the Offer	762,344
Total	**1,333,344**

$800,845 has been expensed and $532,499 is offset against the equity raised as directly attributable to the issue of Shares under the Offer.

4. As part of the financing package agreed with ARCH SRF, Ngwena Tanzania and Evolution entered into the Royalty Deed pursuant to which Ngwena Tanzania agreed to pay to ARCH SRF a 1.7% net sales return royalty. See Section 9.2 for more information. This reflects the sale of a mineral interest and the consideration received has been accounted for as deferred income.

5. The pro forma adjustment related to the Offer reflects the following:

    a. the issue of 110,000,000 Shares to raise gross proceeds of $22,000,000 under the Offer;

    b. the issue of 20,000,000 Cornerstone Options to the Cornerstone Investor (see footnote 2 above);

    c. the issue of 1,875,000 Shares ($375,000) to the Marketing Advisor pursuant to the Ancillary Marketing Offer;

    d. payment of the $2,000,000 Marvel Cash Consideration to Marvel Gold pursuant to the Share Exchange Agreement (see footnote 1 above);

    e. payment of the capital raising fee and management fee to the Joint Lead Managers, pursuant to the JLM Mandate (summarised in section 9.5), totalling $781,400. This amount has been offset against the equity raised as directly attributable to the issue of Shares under the Offer;

    f. payment of the estimated costs of the Offer, including those incurred by Marvel Gold, totalling

g. repayment of the Lender's Debt in the amount of $9,500,000 (see footnote 1 above).

6.7 Notes to the Pro Forma Historical Financial Information of Evolution

Contingent assets and liabilities

The Company did not have any contingent assets or liabilities as at 31 December 2020 or at the time of lodgement of this Prospectus.

Exploration commitments

The Company is required to meet certain minimum expenditure commitments on the mineral exploration assets in which it has an interest. The minimum expenditure commitment is set out in the terms of the Prospecting Licences held by the Evolution Group. Outstanding exploration commitments are as follows:

	31 December 2020
- not later than one year	$473,189
- beyond one year	-

Subsequent events

The Directors are not aware of any other significant changes to the state of affairs of the Company or events subsequent to 31 December 2020 that would have a material impact on the Financial Information that have not been disclosed above.

6.8 Significant accounting policies

The significant accounting policies adopted by the Company in the preparation of the Financial Information are set out below. The accounting policies have been consistently applied to periods presented unless otherwise stated.

Historical cost convention

The Financial Information has been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset and costs directly attributable to bringing the asset to a working condition for their intended use.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Depreciation

Depreciation of plant and equipment is calculated on a straight-line basis so as to write off the net costs of each asset over the expected useful life. The rates vary between 2% and 50% per annum.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Exploration and evaluation costs

Costs arising from the acquisition of exploration and evaluation activities are carried forward where these activities have not, at reporting date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas of interest. Ongoing exploration activities are expensed as incurred.

The Directors believe that this policy results in the carrying value of exploration expenditure more appropriately reflecting the definition of an asset, being future benefits controlled by the Group. All costs carried forward are in respect of areas of interest in the exploration and evaluation phases and accordingly, production has not commenced.

Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, in particular when exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area.

Where tenements or part of an area of interest are disposed of, the proceeds of this partial disposal will reduce the value of the asset by the fair value of those proceeds. This recognises that part of the future economic benefit of the asset has effectively been disposed.

Accounts payable

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost when the Group becomes obliged to make payments resulting from the purchase of goods and services. The amounts are non-interest-bearing, unsecured and are usually paid within 30 days of recognition.

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Employee benefits

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid, inclusive of on costs, when the liabilities are settled. The expense for non-accumulating sick leave is recognised when the leave is taken and measured at the rates paid or payable.

Share-based payment transactions

The fair value is measured at grant date and recognised over the period during which the Directors, employees or contractors become unconditionally entitled to the options.

The fair value of the options at grant date is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the consolidated statement of comprehensive income with a corresponding adjustment to equity.

The fair value of these equity instruments does not necessarily relate to the actual value that may be received in future by the recipients. The Company accounts for share based payments issued to non-employees in accordance with the share based payments standard.

Income tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable of the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax exposures

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Revenue recognition

Interest revenue is recognised as it accrues in profit or loss, using the effective interest method.

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. The Company uses an 'expected credit loss' model to recognise an allowance if not collectable.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Consolidated Statement of financial position.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Exploration and evaluation

Exploration and evaluation acquisition costs have been capitalised on the basis that activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Key judgements are applied in considering the recoverability

of the value of the asset. The Company assesses whether any impairment indicators may exist over the area of interest to assess recoverability each year.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

COVID-19 pandemic

Judgement has been exercised in considering the impacts that the COVID-19 has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates.

Other than as addressed in specific notes, there does not currently appear to be any other significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

07. Board, Management & Interests

7.1 Directors and Key Management Personnel

The Board of the Company comprises Trevor Benson, Michael Bourguignon, Phil Hoskins and Amanda van Dyke, with Trevor Benson and Michael Bourguignon acting in an executive capacity. Chris Knee is appointed as Chief Financial Officer of the Company and Stuart McKenzie is appointed as Company Secretary of the Company.

The Company is aware of the need to have sufficient management to properly supervise the advancement of the Chilalo Project and any future projects in which the Company has an interest and the Board will continually monitor the management roles in the Company. As the Chilalo Project requires an increased level of involvement the Board will look to appoint additional management and/or consultants when and where appropriate to ensure adequate oversight and management of the Chilalo Project and the Company's business activities.

The Board considers that none of the Directors are independent as at the date of this Prospectus.

Trevor Benson - Executive Chairman

Trevor has over 30 years' experience within investment banking and stockbroking, specialising in the resources sector. He has also worked for large Australian and international corporations and held a number of directorships with ASX listed companies. Most recently he held the position of Executive Chairman for Tanzanian graphite developer, Walkabout Resources Ltd. Trevor's focus within the investment banking industry was within SE Asia and China specialising in merger and acquisitions and equity capital market transactions, and advising Australian and International companies, including being exclusive adviser to Chinese State-Owned Enterprises, and Hong Kong listed resource companies. He has cross border experience including Africa, UK, Hong Kong, and China and has advised and listed numerous ASX listed companies.

Trevor holds a Bachelor of Science.

Michael Bourguignon - Executive Director

Michael is a project management professional with extensive experience providing strategic direction and leadership in the successful delivery of projects, within the mining industry both in Australia and internationally, including 5 countries in Africa. Michael was the Project Manager for the construction of Syrah Resources' Balama graphite project in Mozambique, for Glencore's 3.6Mtpa copper concentrate facility at the Mopani Copper Mine in Zambia, and General Manager of the Tiger Resources development team delivering a world-class SX/EW Plant at Kipoi, in the DRC. Michael has over 20 years' experience in delivering projects.

Michael has a Master of Business Administration and is a member of the Australian Institute of Project Management.

Phil Hoskins - Non-Executive Director

Mr Hoskins commenced his career at a large international accounting firm and has since gained corporate experience with both Australian and international listed companies. He is a senior executive with over 15 years of broad finance and commercial experience across resources exploration, project development and production as well as large-scale property developments requiring debt and equity financing. Phil has been the senior executive responsible for the development of the Chilalo Project since 2014, is currently the Managing Director of Marvel Gold Limited and has been appointed to the Board as Marvel Gold's nominee.

Phil has a Bachelor of Commerce, Diploma of Applied Finance and is a member of the Institute of Chartered Accountants.

Amanda van Dyke - Non-Executive Director

Ms van Dyke is currently the Managing Director of the Sustainable Resources Strategy at ARCH Emerging Markets Partners Limited. Amanda has over 20 years of experience in commodity markets, first in mining-focused roles at Dundee Securities, Ocean Equities (now Pareto Securities) and GMP Securities, and later as the manager of an UCITS Gold and Precious Metals Fund at South River Asset Management, as well as other multi-asset and fixed income funds. Amanda has raised over US$500 million in debt and equity related finance for junior mining in her investment banking career in the United Kingdom and Canada and has covered projects worldwide. Amanda has spent 5 years as the Chairperson of Women in Mining UK and has authored numerous research reports on governance in the mining industry. Amanda was nominated by ARCH SRF to serve as a Director.

Amanda has a Master of Business Administration and is a Graduate Gemmologist.

Chris Knee - Chief Financial Officer

Chris is a qualified accountant and has over 15 years' broad experience in a multinational chartered accounting firm and a number of senior finance roles across the resources industry with projects in Africa, Canada and Central Asia. Chris has a range of experience across a variety of disciplines including joint ventures, international tax structuring, accounting and compliance, commercial contracts, project divestments and acquisitions. Chris is currently a Director of Superior Lake Resources Limited and Chief Financial Officer of Marvel Gold Limited, Lotus Resources Limited and Tanga Resources Limited.

Chris has a Bachelor of Commerce, Diploma of Accounting and is a Member of the Institute of Chartered Accountants.

Stuart McKenzie - Company Secretary

Stuart has over 30 years of experience in senior commercial roles. He was previously Company Secretary with Anvil Mining Limited for almost six years, prior to which he held senior positions with Ok Tedi Mining Limited, Ernst and Young and HSBC. Mr McKenzie is also the Company Secretary of Marvel Gold Limited, Lotus Resources Limited, Matador Mining Limited, Superior Lake Resources Limited and Tanga Resources Limited.

Stuart has a Bachelor of Laws, a Bachelor of Economics and is a member of the Governance Institute of Australia.

7.2 Disclosure of interests

None of the Directors hold any securities in the Company as at the date of this Prospectus.

Marvel Gold (on behalf of the Company) has paid:

(a) $177,023 to Trevor Benson for his services as an executive director to the Company from his commencement in April up to the date of this Prospectus; and

(b) $157,627 to Michael Bourguignon for his services as an executive director to the Company from his commencement in May up to the date of this Prospectus.

These costs will be reimbursed by the Company to Marvel Gold on completion of the Offer.

The Company has paid no other remuneration to its Board since incorporation to the date of this Prospectus and no other remuneration will be paid or accrue until such time as the Company is admitted to the Official List.

For each of the Directors, the annual remuneration for the financial year following the Company being admitted to the Official List, together with the relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below:

Director	Remuneration ($) [1]	Shares [2]	Incentive Options [3 4]
Trevor Benson	290,000	-	5,650,000
Michael Bourguignon	275,000	-	4,900,000
Phil Hoskins	40,000	-	2,400,000
Amanda van Dyke	40,000	-	-

1. Excludes statutory superannuation (in the case of Trevor Benson and Michael Bourguignon), which will be paid in addition to these amounts. Includes statutory superannuation (in the case of Phil Hoskins and Amanda van Dyke).
2. Assumes the Directors do not subscribe for any New Shares under the Offer.
3. The Company will also issue 825,000 Incentive Options to each of Chris Knee and Stuart McKenzie pursuant to the Option Plan.
4. The issue of Incentive Options to the Directors will be subject to the approval of the Company's current Shareholder, Marvel Gold.

Shares

Phil Hoskins is an Eligible Marvel Shareholder who is entitled to subscribe for New Shares under the Priority Offer. Phil Hoskins has confirmed to the Company his intention to subscribe for up to 250,000 New Shares (valued at $50,000) under the Offer.

Trevor Benson and Michael Bourguignon have confirmed to the Company their respective intentions to subscribe for up to 250,000 New Shares (valued at $50,000) each under the Offer.

Incentive Options

The offer of the Incentive Options forms part of the Company's long-term incentive objectives to encourage greater involvement in the achievement of the Company's objectives, to align interests with that of the Shareholders and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through equity ownership.

The numbers of Incentive Options to be issued to Mr Benson, Mr Bourguignon and Mr Hoskins were determined based on the experience of the relevant Director, the nature and scope of the role of the relevant Director, and to provide ongoing equity incentives to advance the Company and the Chilalo Project. The number of Incentive Options to be issued are considered appropriate and equitable with a view to limiting the dilution of existing Shareholders upon the exercise or conversion of those securities, whilst also appropriately incentivising key contributors to the Company.

Up to 12,950,000 additional Shares may be issued if the Incentive Options to be issued to Mr Benson, Mr Bourguignon and Mr Hoskins are exercised (as detailed in this Section 7.2). The impact that would have on the Company's capital structure would be to increase the total number of Shares on issue by 12,950,000 additional Shares, whilst reducing the number of Incentive Options. The Incentive Options to be issued to Mr Benson, Mr Bourguignon and Mr Hoskins are anticipated to comprise (in aggregate) 8% of the undiluted issued capital of the Company upon Listing.

In accordance with the requirements of Listing Rule 10.15, the following information is provided:

- the Incentive Options will be issued to Trevor Benson, Michael Bourguignon and Phil Hoskins, each a Director of the Company;
- the number and class of Incentive Options to be issued is outlined above in this Section 7.2;
- the current total remuneration package for each of Trevor Benson, Michael Bourguignon and Phil Hoskins is outlined in Sections 9.6 and 9.7, and in this Section 7.2;

- no securities have previously been issued to Trevor Benson, Michael Bourguignon or Phil Hoskins under the Option Plan;
- the terms and conditions of the Incentive Options are detailed in Section 10.4 and a summary of the material terms of the Option Plan is set out in Section 10.5;
- the Company is issuing the Incentive Options to each of Trevor Benson, Michael Bourguignon and Phil Hoskins as part of their remuneration packages to conserve cash and to align their interests with those of the Shareholders;
- refer to the Financial Information in Section 6 for the value which the Company attributes to the Incentive Options and the basis for determining that value;
- the Incentive Options are proposed to be issued on the Listing date;
- the Incentive Options will be issued for nil cash consideration;
- no loan is being offered in relation to the issue of the Incentive Options;
- details of any future relevant securities issued after the Company's admission under the Option Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14; and
- after Listing, any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the Option Plan will not participate until approval is obtained under that rule.

7.3 Agreements with Directors and related parties

The Company's policy in respect of related party arrangements is:

(a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and

(b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

The Company will provide an annual letter of support in favour of its wholly-owned subsidiary, Ngwena Tanzania, to the Tanzanian auditor of Ngwena Tanzania under which the Company provides an undertaking to provide Ngwena Tanzania with the necessary financial support to enable Ngwena Tanzania to meet its liabilities as they fall due.

The agreements between the Company and related parties are summarised in Section 9. Other than as disclosed elsewhere in this Prospectus, there are no existing agreements or arrangements and there are currently no proposed transactions in which the Company was, or is to be, a participant, and in which any related party has or will have a direct or indirect material interest.

All future related party arrangements (if any) will be determined by the Board, having regard to their duties as Directors, and, where required, all requisite approvals (including Shareholder approval) will be obtained. The Board monitors compliance with the law in relation to related party transactions via internal controls and obtaining legal advice where required.

7.4 Deeds of indemnity and access

The Company has entered into a deed of indemnity and access with each of its Directors. Under these deeds, the Company agrees to indemnify each Director to the extent permitted by the Corporations Act against any liability arising as a result of the Director acting as a director of the

Company. The Company is also required to maintain insurance policies for the benefit of the relevant Director and must allow the Directors to inspect board papers in certain circumstances. The deeds are considered standard for documents of this nature.

08. Corporate Governance

8.1 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is responsible for and committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted The Corporate Governance Principles and Recommendations (4th Edition) as published by ASX Corporate Governance Council (**Recommendations**).

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's website at www.evolutionenergyminerals.com.au.

8.2 Board of Directors

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

(a) maintain and increase Shareholder value;

(b) ensure a prudential and ethical basis for the Company's conduct and activities; and

(c) ensure compliance with the Company's legal and regulatory objectives.

(d) Consistent with these goals, the Board assumes the following responsibilities:

(e) leading and setting the strategic direction and objectives of the Company;

(f) appointing the Chairman of the Board, Managing Director or Chief Executive Officer and approving the appointment of executives and the Company Secretary;

(g) overseeing the implementation of the Company's strategic objectives and the performance the executive team generally;

(h) approving operating budgets, major capital expenditure and significant acquisitions and divestitures;

(i) overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit (satisfying itself financial statements released to the market fairly and accurately reflect the Company's financial position and performance);

(j) overseeing the Company's procedures and processes for making timely and balanced disclosure of all material information that a reasonable person would expect to have a material effect on the price or value of the Company's securities;

(k) reviewing, ratifying and monitoring the effectiveness of the Company's risk management framework, corporate governance policies and systems designed to ensure legal compliance; and

(l) approving the Company's remuneration framework.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

8.3 Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto:

(a) membership of the Board of Directors will be reviewed regularly to ensure the mix of skills and expertise is appropriate; and

(b) the composition of the Board has been structured so as to provide the Company with an adequate mix of directors with industry knowledge, technical, commercial and financial skills together with integrity and judgment considered necessary to represent Shareholders and fulfil the business objectives of the Company.

The Board currently comprises four directors, of which two are non-executive directors but are not considered independent by reason of their appointment by the respective substantial Shareholders (as outlined in Section 3.14). The Board considers the current balance of skills and expertise is appropriate for the Company for its currently planned level of activity.

To assist the Board in evaluating the appropriateness of the Board's mix of qualifications, experience and expertise, the Board will maintain a Board Skills Matrix.

The Board undertakes appropriate checks before appointing a person as a Director or putting forward to Shareholders a candidate for election as a Director.

The Board ensures that Shareholders are provided with all material information in the Board's possession relevant to a decision on whether or not to elect or re-elect a Director.

The Company shall develop and implement a formal induction program for Directors which allows new directors to participate fully and actively in Board decision-making at the earliest opportunity and enable new Directors to gain an understanding of the Company's policies and procedures.

Pursuant to the terms of the ESG Committee Charter and the Constitution:

- if the ESG Committee determines that a "material breach" of an ESG policy or policies approved by the Board (from time to time) has occurred, each Director in office at the relevant determination date automatically ceases to be a Director immediately prior to the end of the next annual general meeting of the Company to be held more than 75 days after the relevant determination date, and is eligible to put themselves up for re-election at that meeting; and

- if the ESG Committee determines that a “fundamental breach” of an ESG policy or policies approved by the Board (from time to time) has occurred, each Director in office at the relevant determination date automatically ceases to be a Director immediately prior to the end of a general meeting of the Company to be held within 50 days of the relevant determination date, and is eligible to put themselves up for re-election at that meeting.

In addition, if the ESG Committee reasonably determines that a director or executive of the Company, or of one of its subsidiaries, is directly responsible for causing a "material breach" and/or a "fundamental breach" of an ESG policy, that director or executive will not be entitled to any performance-based, or contingent, remuneration.

Please refer to the ESG Committee Charter for more information. The ESG Committee Charter will be included in the corporate governance section of the Company’s website.

8.4 Identification and management of risk

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

8.5 Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

8.6 Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

8.7 Remuneration arrangements

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed $300,000 per annum.

In addition, a Director may be paid fees or other amounts (i.e. subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

8.8 Trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its directors, officers, employees and contractors. The policy generally provides that for directors, the written acknowledgement of the Chair (or the Board in the case of the Chairman) must be obtained prior to trading.

8.9 Diversity policy

The Company is committed to workplace diversity. The Company recognises the benefits from diversity in the workplace and at the Board level, including access to different perspectives and ideas, benefitting from a wide range of talent. The Company’s diversity policy will be included in the corporate governance section of the Company’s website.

8.10 External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

8.11 Audit committee

The Company will not have a separate audit committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

8.12 ESG committee

The Company has established an ESG committee (**ESG Committee**) which will be tasked with recommending policies in respect of ESG matters for approval by the Board by reference to the terms of an ESG committee charter (**ESG Committee Charter**). The Constitution requires the Directors to establish and maintain the ESG Committee which is underpinned by a commitment on part of the Company to operate ethically, sustainably and in accordance with best governance practices.

The ESG Committee acts as an advisory body to the Board and will be responsible for:

- preparing and establishing ESG policies that are submitted to the Board for approval and adoption by the Company;
- consulting with, and making recommendations to, the Board in relation to ESG matters;
- monitoring the implementation of, and compliance with, the ESG policies and reviewing the Evolution Group's performance against the requirements, targets and minimum standards contemplated in the ESG policies;
- making assessments and determinations regarding compliance with, and breaches of, the ESG policies (including in respect of the directors and executives of the members of the Evolution Group);
- making recommendations to the Board in relation to the appropriate ESG performance conditions which must be satisfied before a director or executive of Company or of a subsidiary of the Company will receive any ESG performance-based remuneration and determine whether such performance conditions have been satisfied (or not satisfied) from time to time; and
- reporting the outcomes of the ESG Committee's review, assessments and determinations to the Board.

A fundamental responsibility of the ESG Committee is determining whether a member of the Evolution Group (including the board of each member of the Evolution Group and any of the directors, management or other staff of a member of the Evolution Group) (**ESG Party**) has breached (or failed to comply with) an ESG policy adopted by the Board. This includes the making of a determination of whether a "material breach" or a "fundamental breach" has occurred which has consequences for the Board and the Company under the Investment Deed (see Section 9.2 for more information) and the Constitution (see Section 8.3 for more information).

For the ESG Committee to make a determination of a "material breach", the breach of the ESG Program or an ESG policy by an ESG Party must be material, be having a significant and ongoing adverse impact on the Evolution Group's ESG credentials and:

- if the breach is capable of being remedied – the Evolution Group must have failed to remedy the relevant breach within 6 months after receiving written notice from the ESG Committee; or

- if the breach is not capable of being remedied – the Evolution Group must have failed to take appropriate mitigating action with respect to a breach within 6 months after receiving notice from the ESG Committee.

For the ESG Committee to make a determination of a "fundamental breach", the breach of the ESG Program or an ESG policy by an ESG Party must result from an intentional, deliberate or grossly negligent act or omission on part of an ESG Party, have a materially adverse and ongoing impact on the Evolution Group's ESG credentials and constitute on or more of the following:

- a criminal offence under applicable law, the maximum penalty for which includes a prison sentence (with or without penalties); or

- a breach of a convention of the United Nations.

Until such time as the Cornerstone Investor's voting power in the Company reduces below 5% for 30 consecutive trading days on the ASX, the Cornerstone Investor has a right to nominate any person as a member of the ESG Committee. As at the date of this Prospectus, the ESG Committee comprises Phil Hoskins (non-executive director of the Company and nominee director of Marvel Gold) and Amanda van Dyke (a non-executive director of the Company who was nominated to serve as a Director, and as a member of the ESG Committee, by the Cornerstone Investor). Within 6 months of first adoption of the ESG Committee Charter, the Company will appoint a third member to the ESG Committee who will (i) be independent to the Company and the Cornerstone Investor and (ii) have an appropriate level of ESG expertise.

The ESG Committee will meet quarterly, or more frequently as the circumstances require. The Board may attend the meetings of the ESG Committee and individuals outside of the Board may be invited to meetings at the discretion of the ESG Committee. The ESG Committee will report to the Board and the Cornerstone Investor after each meeting on:

- the key issues discussed by the ESG Committee (and any key decisions made);

- any recommendations on specific decisions or actions with respect to ESG matters that the Board should consider taking; and

- any matters that could reasonably lead to a determination of a breach of an ESG policy, including the giving of written notice of a breach which may give rise to a "material breach" or "fundamental breach" (see Section 8.3 for more information).

The ESG Committee will also prepare and deliver a separate quarterly report to the Board in respect of the Evolution Group's performance against the requirements, targets and minimum standards established by the ESG policies and any determinations made by the ESG Committee during the quarter (**Quarterly ESG Report**). A summary of the Quarterly ESG Report will be made available to the ASX as part of the Company's quarterly reports.

8.13 Departures from Recommendations

Under the ASX Listing Rules the Company will be required to provide a statement in its annual financial report or on its website disclosing the extent to which it has followed the Recommendations during each reporting period. Where the Company has not followed a Recommendation, it must identify the Recommendation that has not been followed and give reasons for not following it.

The Company's departures from the Recommendations will also be announced prior to admission to the official list of ASX.

09. Material Contracts

Set out below is a brief summary of certain contracts to which the Company is a party and which the Directors have identified as being material to the Company or as being of such a nature that an investor may wish to have details of particulars of them when making an assessment of whether to apply for Shares.

To fully understand all rights and obligations of a material contract, it would be necessary to review it in full and these summaries should be read in this light.

9.1 Share Exchange Agreement

The Company has entered into the Share Exchange Agreement dated 17 September 2021, pursuant to which Marvel Gold sold 100% of the shares in Evolution HoldCo to the Company (and with it, an indirect 100% interest in the Chilalo Project). In consideration, the Company issued 49,999,999 Shares to Marvel Gold and agreed to pay the Marvel Cash Consideration.

The Marvel Cash Consideration is $1,000,000, unless PL 11034/2017 is reinstated prior to 31 December 2021, in which case the Marvel Cash Consideration is $2,000,000, and in any event will be paid to Marvel Gold in cash out of the proceeds of the Offer (as outlined in Section 2.6) and will be forgiven by Marvel Gold and cancelled if the Offer does not complete.

Under the Share Exchange Agreement:

(a) the parties have agreed to a customary 'wrong pockets' clause to facilitate the separation of Marvel Gold and the Company;

(b) the Company agrees to indemnify Marvel Gold against any liability incurred in relation to the Chilalo Project and Marvel Gold has agreed to indemnify the Company against any liability incurred in relation to all projects, assets and business owned, operated or conducted by Marvel Gold, other than the Chilalo Project;

(c) Marvel Gold is granted a consultation right with respect to allocations to be made by Evolution under the Priority Offer (see Section 2.3);

(d) Marvel Gold will be reimbursed approximately $762,344 in costs out of the proceeds of the Offer. These costs include costs incurred by Marvel Gold in connection with the Offer, as well as costs for goods and services that related exclusively to the Chilalo Project that have been paid by Marvel Gold on behalf of Evolution; and

(e) Marvel Gold has agreed to indemnify the Evolution Group against any Tanzanian tax liability for which the Evolution Group becomes liable in respect of any deemed change of control of Ngwena Tanzania prior to the date of the Share Exchange Agreement. If any such tax claim is made, Marvel Gold has the right to assume the conduct of the tax claim.

The Share Exchange Agreement also provides Marvel Gold with the right to appoint a nominee to the Board. Marvel Gold has appointed Phil Hoskins as its nominee Director on the Board.

Marvel Gold's Board representation right will terminate upon Marvel Gold holding less than 10% of the issued share capital in the Company for more than 10 consecutive days on which the ASX is open for trading, provided that Marvel Gold will not lose its Board appointment right sooner than the first anniversary of the ASX listing of the Company.

Marvel Gold has also agreed to share the services of the Key Management Personnel with the Company on the basis that the Key Management Personnel will be made available to the Company for not less than 15 hours per week.

9.2 Cornerstone Investor arrangements

Investment Deed

The Company has entered into an investment deed dated 28 September 2021 with Marvel Gold and ARCH SRF (**Investment Deed**) under which ARCH SRF has agreed to subscribe for, and the Company has agreed to issue:

- 40,000,000 New Shares at the Offer Price via the Cornerstone Offer for gross proceeds of $8,000,000; and
- 20,000,000 Cornerstone Options via the Ancillary Cornerstone Offer.

The Investment Deed is conditional on the Company successfully raising $14,000,000 pursuant to the General Offer by 30 November 2021.

Following Listing, and continuing until such time as ARCH SRF's voting power in the Company reduces below 10% for 30 consecutive trading days on the ASX, the Company will provide a right of first offer for ARCH SRF (and / or its nominees) to:

- invest additional equity in the Company, in circumstances where the Company is seeking to raise further capital, other than in respect of equity raisings that are offered to all Shareholders (such as rights issues, share purchase plans and dividend reinvestment plans); and
- participate in any:
    - mineral supply contract (where the supply term is greater than 12 months and such supply volume is greater than 10% of the annual production from the Chilalo Project), provided certain conditions are met;
    - debt, royalty, streaming or pre-payment agreement; or
    - transaction analogous to those described above,

    (together, a **ROFO Contract**).

ARCH SRF is not obligated to invest further funds in the Company or enter into any ROFO Contract and, in those circumstances, the Company will be at liberty to raise capital or enter into ROFO Contracts with third parties.

The Investment Deed also provides ARCH SRF with the right to nominate a person to be appointed to the Board. ARCH SRF has nominated Amanda van Dyke to serve as a Director on the Board (noting that ARCH SRF has the right to nominate a replacement Director from time to time). ARCH SRF's right to nominate a Director is extinguished if ARCH SRF's voting power in the Company reduces below 10% for a period of 30 consecutive trading days on the ASX, in which case the Director nominated by ARCH SRF must promptly tender his or her resignation to the Board.

Pursuant to the Investment Deed, from the period commencing (at the latest) six months after the Company is admitted to the Official List and continuing until ARCH SRF's voting power in the Company reduces below 10% for a period of 30 consecutive trading days on the ASX, the Company must ensure that the Board comprises of at least four directors, not less than one of whom must be an independent non-executive director.

Under the Investment Deed, the Company has agreed to make certain commitments to ARCH SRF with respect to ESG matters until such time as ARCH SRF's voting power in the Company reduces below 5% for 30 consecutive trading days on the ASX. For example, the Company must maintain the ESG Committee which will be delegated responsibility for ESG matters pursuant to the terms of the ESG Committee Charter (the terms of which are summarised in Section 8.12). The Company must also approve and adopt an ESG program, including the following documents,

by no later than six months after the Company is admitted to the Official List (to the extent not already adopted):

- ESG Policy;
- Environmental and Social Action Plan;
- Corporate Governance Code;
- Gender and Diversity Policy;
- Anti-Bribery and Corruption Policy;
- Whistleblower Policy;
- Occupational Health and Safety Policy;
- Human Resources Policy;
- Cultural Heritage Management Plan;
- Stakeholder Engagement Plan;
- Resettlement Action Plan;
- Local Content and Procurement Policy;
- Modern Slavery Policy;
- Biodiversity Action Plan;
- Pollution Prevention and Low Carbon Emissions Policy; and
- Climate change physical and transitional risk assessment,

(collectively, the **ESG Program**).

In addition, if the ESG Committee determines that the Company, or the Evolution Group commits a "material breach" or a "fundamental breach" of an ESG policy approved by the Board (see Section 8.12 for more information), the Company has agreed that the Directors in office at the time of such determination will be required to stand for re-election at a general meeting of the Company to be held within a specified time period from the date of the determination (as detailed in Section 8.3). Additionally, the Company has agreed that:

- the Directors and executives of the Company will not be entitled to any performance-based or other contingent remuneration if the ESG Committee determines that the Director or executive was directly responsible for causing a "material breach" or "fundamental breach" of an ESG policy; and
- at least one third of any performance-based or other contingent remuneration of the Directors and executives of the Company and its subsidiaries will be conditional upon the satisfaction of ESG performance conditions.

For such time as ARCH SRF holds at least 5% voting power in the Company, the Company has agreed to:

- obtain ARCH SRF approval before abolishing, or varying the composition, powers, responsibilities or mandate of, the ESG Committee, amending, replacing or terminating the ESG Committee Charter or amending, replacing or terminating any of the ESG

policies in a manner that is materially detrimental to the Company's ESG credentials; and

- use all reasonable endeavours to comply with the reasonable requests from ARCH SRF for the purpose of assisting ARCH SRF to ensure its compliance with its governing documents, provided that the Company will not be required to incur any cost (unless reimbursed by ARCH SRF) nor act to its detriment.

Additionally, the Company has agreed to obtain ARCH SRF approval before undertaking certain fundamental matters under the Investment Deed, including changing the nature of the Company's business activities such that it is no longer focused on graphite mining and the graphite products sector, materially deviating from the specifications in the DFS, appointing a chief executive officer (or functional equivalent) and entering into certain transactions regarding the Company's assets (whether acquisitions or disposals). The Company's commitment to obtain ARCH SRF approval for these matters terminates on the third anniversary of ARCH SRF being issued New Shares under the Cornerstone Offer (other than in respect of the Company's commitment to focus on graphite mining and the graphite products sector, which can be alleviated after that third anniversary provided the Company gives ARCH SRF 3 months' notice), or earlier where ARCH SRF's voting power in the Company reduces below 10% for 30 consecutive trading days on the ASX.

The Investment Deed may be terminated prior to the issue of New Shares under the Cornerstone Offer upon the happening of customary events, including, but not limited to, where:

- the Company fails to raise $14,000,000 under the General Offer, or the Offer fails to close, by 30 November 2021;
- certain insolvency events occur with respect to the Company or a subsidiary of the Company;
- the ASX indicates to the Company that it will refuse to grant quotation of the Shares, or will or may classify any of the New Shares pursuant to the Cornerstone Offer as restricted securities (as defined in the ASX Listing Rules);
- a statement in this Prospectus is misleading or deceptive (or is likely to mislead or deceive);
- the Company withdraws the Prospectus after lodgement with ASIC with the result that Application Monies are repaid to Applicants; or
- the Evolution Group ceases to hold a 100% interest in the Chilalo Project or the constituent documents of a member of the Evolution Group are varied or replaced without the consent of ARCH SRF.

In addition to the above, ARCH SRF may terminate the Investment Deed if the Company materially breaches the Investment Deed. In certain circumstances prior to completion under the Investment Deed, the Company will be obligated to pay ARCH SRF US$200,000 to compensate ARCH SRF for costs incurred in connection with due diligence and legal fees where the Investment Deed is terminated (including for the reasons set out above, among other termination events).

If the Company breaches or otherwise fails to comply with the Investment Deed or the Royalty Deed in a material respect (including where the Company materially breaches, or fails to comply with, an ESG policy approved by the Board), the Escrowed Securities will be immediately released from the Escrow Restrictions and the Voluntary Escrow Deed (described below) will be deemed to be terminated.

Voluntary Escrow Deed

The Company has entered into a voluntary escrow deed dated 28 September 2021 with ARCH SRF (**Voluntary Escrow Deed**).

Under the Voluntary Escrow Deed, ARCH SRF has agreed to place the 40,000,000 New Shares and 20,000,000 Cornerstone Options issued to it on completion of the Offer into voluntary escrow with the Company which prevents any "dealing" in respect of those securities (**Escrowed Securities**).

The restriction on "dealing" is broadly defined in the Voluntary Escrow Deed. ARCH SRF is restricted from, among other things, selling, assigning, transferring or otherwise disposing of any legal, beneficial or economic interest in the Escrowed Securities, granting an option in respect of the Escrowed Securities, doing, or omitting to do, any act if the act or omission would have the effect of transferring effective ownership of, or any legal or beneficial or economical interest in, any of the Escrowed Securities or agreeing to do any of those things (**Escrow Restrictions**).

At completion of the Offer, the Escrowed Securities will comprise 25% of the Shares on issue on an undiluted basis (and 30% of the Shares on issue on a fully diluted basis) and will be released from escrow 1 year from their issue.

Despite the Escrow Restrictions, the Escrowed Securities may be disposed of pursuant to any applicable laws, to allow the Cornerstone Investor to participate in an equal access share buyback or an equal capital return (or other similar pro-rata reorganisation) or to any controlled entity of the Cornerstone Investor (provided that the beneficial ownership in the Escrowed Securities does not change and the controlled entity agrees to be bound by a deed containing restrictions consistent with the Voluntary Escrow Deed). The Escrowed Securities may also be disposed of to the extent the disposal is:

- to accept a bona fide takeover bid in respect of all or a proportion of the Shares, provided the holders of at least half of the Shares that are not subject to escrow restrictions, and to which the offers under the bid relate, have accepted an offer under the takeover bid; or

- the transfer or cancellation of the Escrowed Securities as part of a scheme of arrangement under Part 5.1 of the Corporations Act, provided that the scheme of arrangement has received all necessary approvals, including such necessary court and Shareholder approvals,

provided, in each case, that if for any reason any or all of the Escrowed Securities are not transferred or cancelled in accordance with such a takeover bid or scheme of arrangement (including because the takeover bid does not become unconditional), then the Escrowed Securities will remain subject to the Escrow Restrictions under the Voluntary Escrow Deed.

Additionally, the Escrowed Securities will be immediately released from the Escrow Restrictions, and the Voluntary Escrow Deed will be deemed to be terminated, if the Company breaches or otherwise fails to comply with the Investment Deed or Royalty Deed (in a material respect).

The Cornerstone Investor may request an abridgement of time in respect of the escrow period over a specified number and class of the Escrowed Securities which the Cornerstone Investor wishes to sell to an institutional investor. The Company may grant such abridgement of time (acting reasonably), after which the Escrow Restrictions will cease to apply to that specified number and class of Escrowed Securities.

Royalty Deed

The Company and Ngwena Tanzania have also entered into a royalty deed dated 28 September 2021 with ARCH SRF (**Royalty Deed**), pursuant to which Ngwena Tanzania has agreed to pay to ARCH SRF a 1.7% net sales return royalty (**Chilalo Project Royalty**) on all minerals produced, extracted or recovered from the area of the Tenements which is capable of being sold or otherwise disposed of (**Product**) in exchange for the payment of $2,000,000 from ARCH SRF. If the mineral extracted from the area of the Tenements is graphite, the royalty will attach to flake graphite concentrate and will not include any value-added products produced from further processing of flake graphite concentrate. In addition, if PL 11034/2017 is reinstated, or if a licence or other mining right is granted to Ngwena Tanzania in replacement or substitution of PL 11034/2017, that tenement will form part of the area from which the production of Product will

attract the royalty. The Royalty Deed is conditional upon completion of the issue of the New Shares pursuant to the Cornerstone Offer.

The Chilalo Project Royalty is payable quarterly, for each quarter in which any Product is produced and sold, removed or otherwise disposed of. The Chilalo Project Royalty is based on the revenue actually received by Ngwena Tanzania (or any related party) from the sale or other disposal of Product plus adjustments and less allowable deductions for the costs of producing the Product.

Under the Royalty Deed, Ngwena Tanzania is obliged to keep the Tenements in good standing, including by observing the requirements under the Mining Act (and all other legislation affecting the Tenements), paying all fees, rents, rates, royalties, taxes and other payments due in respect of the Tenements and making all necessary applications for renewals of the Tenements. Ngwena Tanzania retains the sole and unfettered discretion regarding the nature, timing and extent of all exploration, development and mining operations conducted on the Tenements.

Ngwena Tanzania may not sell, transfer, grant, assign or otherwise dispose of any interest or right in the Tenements or any rights in relation to Products extracted and recovered from the area of the Tenements except by an encumbrance granted as security for any financing provided by a financier for the development and/or operations of the Tenements, an encumbrance expressly subject to the Royalty, the sale of Products or where the transferee or recipient of the interest or rights executes and delivers to ARCH SRF a deed in favour of ARCH SRF executed by Ngwena Tanzania and the transferee agreeing to be bound by, and perform the obligations of, Ngwena Tanzania under the Royalty Deed. Ngwena Tanzania has also agreed to indemnify ARCH SRF from all loss, damage, claims and expenses resulting from any breach by Ngwena Tanzania in relation to any such transfer.

Ngwena Tanzania has agreed that it will not grant any encumbrance over the Tenements or its rights under the Royalty Deed unless the encumbrancee enters into a deed with ARCH SRF, under which the encumbrancee agrees that ARCH SRF's right to the Chilalo Project Royalty take priority over the interests of the encumbrancee and the encumbrancee agrees to be bound by the terms of the Royalty Deed in exercising its powers of sale under the encumbrance.

The Company has agreed to guarantee to ARCH SRF the performance of Ngwena Tanzania's obligations to pay money under the Royalty Deed and indemnify ARCH SRF against any liabilities and losses suffered or incurred by ARCH SRF.

9.3 Lender arrangements

The Company has entered into the Deed of Consent dated 27 April 2021 under which Castlelake L.P. (**Lender**) has consented to Marvel Gold progressing the Spin-Out, and has agreed for its security over Marvel Gold's shares in Graphex UK to be released and then assumed by Evolution HoldCo in respect of the Graphex UK shares Evolution HoldCo acquired from Marvel Gold (**Lender's Security**) prior to the completion of the Share Exchange Agreement. The Lender has also agreed for its receivables security over Marvel Gold's rights and Graphex UK's rights in respect of intercompany loans to be released.

In consideration, the Company agreed to apply $9,500,000 of the funds raised under the Offer toward repayment of the Lender Debt (as outlined in Section 2.6) (**Lender Debt Repayment**), such that the Lender Debt will be reduced to nil (and the Lender's Security will be released) on completion of the Offer.

Under the Deed of Consent, the Lender has also agreed to a pause in the accumulation of interest on the Lender Debt, with effect from 16 February 2021 (**Interest Pause Date**), subject to the Offer completing by 30 November 2021.

If the IPO does not complete by 30 November 2021, the Lender Debt that remains outstanding at that time will remain payable, the Lender's Security will remain in place and interest accruals (with effect from the Interest Pause Date) will resume.

9.4 Shared services arrangements

The Company has entered into the following services agreements:

(a) a cost sharing agreement dated 25 June 2021 (**Cost Sharing Agreement**) with Marvel Gold, Matador Capital Pty Ltd (**Matador**) and others; and

(b) an office use agreement dated 25 June 2021 (**Office Use Agreement**) with Marvel Gold, Matador and others.

Under the Cost Sharing Agreement, the parties have agreed to share certain corporate and administrative costs including, amongst other things, professional services (in respect of bookkeeping, financial management, accounting and financial reporting, company secretarial, executive assistance and office management), stationery, internet, IT and IT support and such other costs as agreed. The costs of the services provided to the Company by the Key Management Personnel (ie Chris Knee and Stuart McKenzie) are shared between the Company and Marvel Gold, among others, in the Cost Sharing Agreement. The parties have also agreed to pay a management fee to Matador for responsibilities connected to issuing a monthly invoice. The Cost Sharing Agreement will remain in place unless terminated and contains other customary terms for an agreement of this nature.

Under the Office Use Agreement, Matador has agreed to make office space at Emerald House, 1202 Hay Street, West Perth available for use to the Company in exchange for the payment of a monthly fee. The Office Use Agreement has an initial fixed term of 12 months (with a rolling three month renewal at the end of each period) and will remain in place unless terminated by the parties on the giving of three months' notice. The Office Use Agreement contains other customary terms for an agreement of this nature.

9.5 Joint Lead Manager mandate

The Company has signed a mandate letter with Chieftain Securities (WA) Pty Ltd and Ashanti Capital Pty Ltd as 'Joint Lead Managers' to the Offer dated 1 July 2021 (**JLM Mandate**). The Joint Lead Managers are not underwriting the Offer.

Under the terms of the JLM Mandate, the Joint Lead Managers will provide services and assistance customarily provided in connection with marketing and execution of an initial public offer. The JLM Mandate terminates once the Offer is completed and the parties have fulfilled their obligations under the JLM Mandate. The Company may terminate the Mandate by giving 10 days' written notice if there is a material breach of the terms of the Mandate (among other reasons) and the Joint Lead Managers can terminate the Mandate by giving 15 days' written notice of there is a material breach of the terms of the Mandate (among other reasons).

Pursuant to the JLM Mandate, in addition to the reimbursement of reasonable expenses incurred by the Joint Lead Managers, the Company has agreed to pay the Joint Lead Managers as follows:

(a) a capital raising fee of 4% of the total funds placed by the Joint Lead Managers under the Offer (plus GST);

(b) a management fee of 2% of the total funds raised under the Offer (plus GST); and

(c) the Joint Lead Managers will be issued 7,500,000 JLM Options.

The Joint Lead Managers may direct the Company to issue a portion of such JLM Options to nominees who have assisted the Joint Lead Managers with their role in connection with the Offer. The Company expects to be directed by the JLMs to allocate up to 2,500,000 JLM Options to Capital DI Limited (or its nominees) on the basis of assistance provided to the JLMs and the Company in connection with the structuring and implementation of the Offer.

See Section 10.4 for a summary of the terms and conditions attaching to the JLM Options.

Subject to limited exceptions, the Company will indemnify the Joint Lead Managers and their associates and related companies, directors, agents and staff from and against all losses relating to, amongst other things, the JLM Mandate, the Offer, this Prospectus and any breach or non-compliance by the Company with applicable laws. The JLM Mandate contains other customary terms for an agreement of this nature.

9.6 Executive Services Agreements

Executive services agreement – Trevor Benson, Executive Chairman

(a) The Company has entered into an executive services agreement with Trevor Benson (**Benson Agreement**).

(b) Under the Benson Agreement, Trevor Benson is engaged by the Company to provide executive services as Executive Chairman, commencing from the date on which the Company lists on the ASX.

(c) The Company will remunerate Trevor Benson for his services with an executive remuneration package comprising the following:

(i) a base salary of $290,000 plus statutory superannuation per annum;

(ii) reimbursement for reasonable expenses necessarily incurred by Trevor Benson in the performance of his services as Executive Chairman; and

(iii) 5,650,000 Incentive Options (which will be subject to the approval of the Company's current Shareholder, Marvel Gold and subject to mandatory escrow in accordance with the ASX Listing Rules, as detailed in Section 2.11).

(d) The Benson Agreement is for an indefinite term, and will continue until terminated by either the Company by the giving of six months' written or Trevor Benson by the giving of three months' written notice of termination (or shorter period in limited circumstances).

(e) In addition, the Company may in its sole and absolute discretion terminate the employment of Trevor Benson immediately in a number of circumstances including if the Director materially breaches the Benson Agreement, commits gross or wilful disobedience of reasonable instructions, commits gross or wilful misconduct or neglect, becomes bankrupt, is of unsound mind, is guilty of conduct which might injure the reputation of the Company, is charged with a criminal offence which might injure the reputation of the Company, or becomes physically or mentally unfit to attend to his obligations for a period of six consecutive months or over periods aggregating more than six months in any twelve month period.

(f) In the event of a change of control, Trevor Benson will receive a bonus payment equal to 6 months base salary.

(g) The Benson Agreement also contains provisions which are customary for agreements of this type, including confidentiality and management of conflicts.

Executive services agreement – Michael Bourguignon, Executive Director

(h) The Company has entered into an executive services agreement with Michael Bourguignon (**Bourguignon Agreement**).

(i) Under the Bourguignon Agreement, Michael Bourguignon is engaged by the Company to provide executive services as Executive Director, commencing from the date on which the Company lists on the ASX.

(j) The Company will remunerate Michael Bourguignon for his services with an executive remuneration package comprising the following:

(i) a base salary of $275,000 plus statutory superannuation per annum;

(ii) reimbursement for reasonable expenses necessarily incurred by Michael Bourguignon in the performance of his services as Executive Director; and

(iii) 4,900,000 Incentive Options (which will be subject to the approval of the Company's current Shareholder, Marvel Gold and subject to mandatory escrow in accordance with the ASX Listing Rules, as detailed in Section 2.11).

(k) The Bourguignon Agreement is for an indefinite term, and will continue until terminated by either the Company by the giving of six months' written or Michael Bourguignon by the giving of three months' written notice of termination (or shorter period in limited circumstances).

(l) In addition, the Company may in its sole and absolute discretion terminate the employment of Michael Bourguignon immediately in a number of circumstances including if the Director materially breaches the Bourguignon Agreement, commits gross or wilful disobedience of reasonable instructions, commits gross or wilful misconduct or neglect, becomes bankrupt, is of unsound mind, is guilty of conduct which might injure the reputation of the Company, is charged with a criminal offence which might injure the reputation of the Company, or becomes physically or mentally unfit to attend to his obligations for a period of six consecutive months or over periods aggregating more than six months in any twelve month period.

(m) In the event of a change of control, Michael Bourguignon will receive a bonus payment equal to 6 months base salary.

(n) The Bourguignon Agreement also contains provisions which are customary for agreements of this type, including confidentiality and management of conflicts.

9.7 Letters of appointment – Non-executive Directors

The Company has entered into separate non-executive Director letters of appointment with each of Phil Hoskins and Amanda van Dyke (**NEDs**) which set out the terms and conditions of their appointment as non-executive directors of the Company.

In accordance with the letters of appointment (the term of which is indefinite), the NEDs will be reimbursed for any reasonable and properly documented expenses incurred in the performance of their duties and the Company will pay:

(a) Phil Hoskins fees of $40,000 per annum (inclusive of statutory superannuation), accruing from the date the Company lists on ASX; and

(b) Amanda van Dyke fees of $40,000 per annum (inclusive of statutory superannuation), accruing from the date the Company lists on ASX.

In addition, the Company has agreed to issue to Phil Hoskins the Incentive Options outlined in Section 7.2 (subject to the approval of the Company's current Shareholder, Marvel Gold). As detailed in Section 2.11, these Incentive Options will be escrowed for a period of 24 months in accordance with the ASX Listing Rules. Amanda van Dyke will not be issued any Incentive Options in connection with her role as non-executive director of the Company. The letters of appointment also contain provisions which are customary for agreements of this type, including confidentiality and management of conflicts.

The Company has entered into a deed of indemnity and access with each of the Directors to regulate certain matters between the Company and each Director, both during the time the Director holds office and after the Director ceases to be an officer of the Company (or wholly owned subsidiaries). A summary of the deeds of indemnity and access is set out in Section 7.4.

9.8 Marketing Engagement

The Company has entered into a services agreement dated 14 June 2021 with S3 Consortium Pty Ltd, trading as StocksDigital (**Marketing Advisor**), pursuant to which the Marketing Advisor has agreed to:

(a) manage the Company's online digital presence;

(b) manage the online engagement of potential and current investors of the Company; and

(c) provide sponsored content and digital marketing services to the Company,

(collectively, the **Marketing Engagement**).

The Marketing Advisor has agreed to provide the Marketing Engagement services for a period of 18 months and the Company has agreed to issue 1,875,000 Shares at the Offer Price to the Marketing Advisor on or prior to the date of Listing (in lieu of payment of a $375,000 services fee).

The 1,875,000 Shares to be issued to the Marketing Advisor are expected to be subject to the 24 month mandatory escrow period in accordance with the ASX Listing Rules, as detailed in Section 2.11. The Marketing Advisor will enter into a restriction deed with the Company to give effect to these escrow restrictions.

10. Additional Information

10.1 Company tax status and financial year

The Company expects to be taxed in Australia as a public company.

The financial year of the Company will end on 30 June annually.

10.2 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

10.3 Rights attaching to Shares

The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

General meetings

Subject to the Constitution and to the rights or restrictions attached to any shares or class of shares, each member is entitled to receive notice of and, except in certain circumstances, and Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act.

Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

Direct voting

The Directors may determine that Shareholders may cast votes to which they are entitled on any or all of the resolutions (including any special resolution) proposed to be considered at, and specified in the notice convening, a meeting of Shareholders, by direct vote.

Direct voting is a mechanism by which Shareholders can vote directly on resolutions which are to be determined by poll. Votes cast by direct vote by a Shareholder are taken to have been cast on the poll as if the Shareholder had cast the votes on the poll at the meeting. In order for direct voting to be available, Directors must elect that votes can be cast via direct vote for all or any

resolutions and determine the manner appropriate for the casting of direct votes. If such a determination is made by the Directors, the notice of meeting will include information on the application of direct voting.

Dividend rights

Subject to the Corporations Act, the Constitution, the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

No dividend shall carry interest as against the Company.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit.

Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

Shareholder liability

As the New Shares issued under the Prospectus are fully paid Shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

Transfer of Shares

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

The Directors may ask ASX Settlement to apply a holding lock, or decline to register a transfer of Shares for reasons including where the transfer is not in registrable form or where the refusal to register the transfer is permitted under the ASX Listing Rules. If the Directors request a holding lock or, decline to register a transfer, the Company must give the holder of the shares (in circumstances of a holding lock request), or the party lodging the transfer (in circumstances of a refusal to register), written notice of the refusal and the reason for refusal. The Directors decision to decline to register the transfer or to apply for a holding lock is not invalidated if that notice is not given.

Restricted Securities

In the event of a breach of the ASX Listing Rules or a breach of a restriction agreement entered into by the Company under the ASX Listing Rules relating to Restricted Securities (as defined in the ASX Listing Rules), the Shareholder holding the Restricted Securities in question shall cease to be entitled to any dividends, distribution or any voting rights in respect of those Restricted Securities during the period of such breach.

Small holdings

The Directors may sell the Shares of a Shareholder if that Shareholder holds less than a marketable parcel of Shares, provided that the procedures set out in the Constitution are followed. A non-marketable parcel of Shares is defined in the ASX Listing Rules and is, generally, a holding of shares with a market value of less than $500.

Variation of rights

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

Alteration of Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

Receipt of notices

All notices, certificates, statements, demands, appointments, directions and other documents provided to Shareholders must be in writing and may be given personally, by post or electronically.

Preference shares

The Company may issue preference shares including preference shares which have certain redemption and conversion rights. The rights attaching to preference shares are those set out in the Constitution.

ASX Listing Rules

The Constitution provides that notwithstanding anything in the Constitution, if the ASX Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the ASX Listing Rules require to be done. If the ASX Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the ASX Listing Rules require the Constitution to contain a provision or not to contain a provision the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Constitution is or becomes inconsistent with the ASX Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

10.4 Rights attaching to Options

The terms and conditions applying to the Cornerstone Options, JLM Options and Incentive Options are as follows:

Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

Exercise Price

The amount payable upon exercise of each Option will be $0.25 per Option (**Exercise Price**).

Expiry Date

The Options are exercisable at any time on or prior to 3 years after issue (**Expiry Date**).

Notice of exercise

The Options may be exercised in whole or in part. The Options are exercisable on delivery to the registered office of the Company of a notice in writing specifying the number of Options being exercised and accompanied by the option certificate for those Options for cancellation by the Company (**Notice of Exercise**).

In the case of the Incentive Options only, a Notice of Exercise may specify that at the time of exercise of the Options the subject of the Notice of Exercise, the holder elects to receive fewer Shares in consideration for a reduction in the Exercise Price for the number of Options specified in the Notice of Exercise (**Cashless Exercise Facility**). If the holder elects to use the Cashless Exercise Facility, the Company will allot to the holder that number of Shares equal in value to the positive difference between the then market value of the Shares at the time of exercise and the Exercise Price that would otherwise be payable to exercise those Options (with the number of Shares rounded down to the nearest whole Share). The holder will not be entitled to use the Cashless Exercise Facility if the difference is zero or negative.

Exercise Date

A Notice of Exercise is only effective on and from the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

Timing of issue of Shares on exercise

Within 15 Business Days after the Exercise Date, the Company will allot and issue the resultant Shares and deliver a CHESS holding statement or issuer sponsored holding statement in respect of the Shares (at the election of the holder).

Shares issued on exercise

Shares issued on exercise of the Options will be free from any securities, liens, charges, encumbrances or pre-emption and will rank equally with the then issued shares of the Company (in all respects).

Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

Reconstruction of capital

If at any time the issued capital of the Company is reorganised (including by consolidation, subdivision, reduction or return), all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.

Bonus issues

If there is a bonus issue of Securities, the number of Shares over which the Options are exercisable will be increased by the number of Shares which the Option holder would have received if the Option had been exercised prior to the record date for the bonus issue.

Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital or distributions of dividends offered to Shareholders during the currency of the Options without exercising the Options.

Change in exercise price

Subject to compliance with the ASX Listing Rules, an Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised (other than as expressly contemplated under the Investment Deed in the case of the Cornerstone Options only).

Unquoted

The Company will not apply for quotation of the Options on ASX.

Transferability

Subject to the Corporations Act, the Options are transferable with Board approval and may be exercised into Shares to be held in the name of a nominee of the Option holder.

The Company must take all action necessary to ensure that an offer for sale of the Shares issued on the exercise of an Option will not require disclosure under section 707(3) of the Corporations Act.

Lapse of Options

The Options will lapse on the Expiry Date.

10.5 Summary of Option Plan

The Company has adopted the Evolution Energy Minerals Limited Option Plan (**Option Plan**) on the terms and conditions as set out below:

Eligible Participant

Eligible Participant means a person that:

- is an "eligible participant" (as that term is defined in ASIC Class Order 14/1000) in relation to the Company or an Associated Body Corporate (as that term is defined in ASIC Class Order 14/1000); and
- has been determined by the Board to be eligible to participate in the Option Plan from time to time.

Purpose

The purpose of the Option Plan is to:

- assist in the reward, retention and motivation of Eligible Participants;
- link the reward of Eligible Participants to Shareholder value creation; and
- align the interests of Eligible Participants with shareholders of the group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Options.

Option Plan administration

The Option Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Option Plan rules in its sole and absolute discretion. The Board may delegate its powers and discretion.

Eligibility, invitation and application

- The Board may from time to time determine that an Eligible Participant may participate in the Option Plan and make an invitation to that Eligible Participant to apply for Options on such terms and conditions as the Board decides.

- On receipt of an Invitation, an Eligible Participant may apply for the Options the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part.

- If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.

Grant of Options

The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number of Options, subject to the terms and conditions set out in the invitation, the Option Plan rules and any ancillary documentation required.

Terms of Options

Each Option represents a right to acquire one or more Shares, subject to the terms and conditions of the Option Plan. The Options granted to a Participant will not be quoted on the ASX.

Prior to an Option being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Option by virtue of holding the Option. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with an Option that has been granted to them. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to an Option that has been granted to them.

Vesting

Any vesting conditions applicable to the grant of Options will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Options have vested. Unless and until the vesting notice is issued by the Company, the Options will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to an Option are not satisfied and/or otherwise waived by the Board, that Option will lapse.

Exercise of Options and cashless exercise

To exercise an Option, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of options (see below), pay the Option exercise price (if any) to or as directed by the Company, at any time prior to the earlier of any date specified in the vesting notice and the expiry date as set out in the invitation.

An invitation may specify that at the time of exercise of the Options, the Participant may elect not to be required to provide payment of the Option exercise price for the number of Options specified in a notice of exercise, but that on exercise of those Options the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the Option exercise price that would otherwise be payable to exercise those Options.

Market Value means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.

An Option may not be exercised unless and until that Option has vested in accordance with the Option Plan rules, or such earlier date as set out in the Option Plan rules.

Delivery of Shares on exercise of Options

As soon as practicable after the valid exercise of an Option by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Option Plan rules and issue a substitute certificate for any remaining unexercised Options held by that Participant.

Forfeiture of Options

Where a Participant who holds Options ceases to be an Eligible Participant or becomes insolvent, all unvested Options will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Options to vest.

Where the Board determines that a Participant has acted fraudulently or dishonestly, or wilfully breached his or her duties to the Group, the Board may in its discretion deem all unvested Options held by that Participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Option Plan rules:

- any Options which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and

- any Options which have not yet vested will be automatically forfeited on the expiry date specified in the invitation.

Change of control

If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Options will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.

Rights attaching to Plan Shares

All Shares issued or transferred to a Participant upon the valid exercise of an Option (**Plan Shares**) will rank pari passu in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.

Disposal restrictions on Plan Shares

If the invitation provides that any Plan Shares are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

For so long as a Plan Share is subject to any disposal restrictions under the Option Plan, the Participant will not:

- transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or

- take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.

Adjustment of Options

If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Options will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.

If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Options is entitled, upon exercise of the Options, to receive an allotment of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Options are exercised.

Unless otherwise determined by the Board, a holder of Options does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.

Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Options without exercising the Options.

Amendment of Option Plan

Subject to the following paragraph, the Board may at any time amend any provisions of the Option Plan rules, including (without limitation) the terms and conditions upon which any Options have been granted under the Option Plan and determine that any amendments to the Option Plan rules be given retrospective effect, immediate effect or future effect.

No amendment to any provision of the Option Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.

Option Plan duration

The Option Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Option Plan for a fixed period or indefinitely, and may end any suspension. If the Option Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.

If a Participant and the Company (acting by the Board) agree in writing that some or all of the Options granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Options may be cancelled in the manner agreed between the Company and the Participant.

10.6 Selling restrictions

No action has been taken to register of qualify the Securities or the Offer, or otherwise to permit the public offering of Securities, in any jurisdiction outside of Australia.

The distribution of this Prospectus within jurisdictions outside Australia may be restricted by law and persons into whose possession this Prospectus comes should observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws.

This Prospectus does not constitute an offer of New Shares in any jurisdiction in which it would be unlawful. In particular, this Prospectus may not be distributed to any person, and the New

Shares may not be offered or sold in any country outside Australia except to the extent permitted below.

It is the responsibility of any overseas Applicant to ensure compliance with all laws of any country relevant to his or her Application. The return of a duly completed Application Form or payment of Application Monies will be taken by the Company to constitute a representation and warranty that there has been no breach of such law.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the **FMC Act**). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

If you (or any person for whom you are acquiring or procuring the New Shares) are in New Zealand, you (and any such person):

- are a person who (i) is an investment business within the meaning of clause 37 of Schedule 1 of the Financial Markets Conduct Act 2013 (New Zealand) (the **FMC Act**), (ii) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act, (iii) is large within the meaning of clause 39 of Schedule 1 of the FMC Act, (iv) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act or (v) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act (and, if an eligible investor, have provided the necessary certification);
- acknowledge that: (i) Part 3 of the FMC Act shall not apply in respect of the offer of New Shares to you, (ii) no product disclosure statement or other disclosure document under the FMC Act may be prepared in respect of the offer of New Shares and (iii) any information provided to you in respect of the Offer is not required to, and may not, contain all of the information that a product disclosure statement or other disclosure document under New Zealand law is required to contain;
- warrant that if in the future you elect to directly or indirectly offer or sell any of the New Shares allotted to you, you undertake not to do so in a manner that could result in (i) such offer or sale being viewed as requiring a product disclosure statement or other similar disclosure document or any registration or filing in New Zealand, (ii) any contravention of the FMC Act or (iii) the Company or its directors incurring any liability; and
- warrant that (i) any person for whom you are acquiring New Shares meets one or more of the criteria specified in subclause (a) above and (ii) you have received, where required, a safe harbour certificate in accordance with clause 44 of Schedule 1 of the FMC Act.

Mauritius

In accordance with The Securities Act 2005 of Mauritius, no offer of the New Shares may be made to the public in Mauritius without the prior approval of the Mauritius Financial Services Commission. Accordingly, an offer of New Shares is being made on a private placement basis only to shareholders of Marvel Gold Limited and does not constitute a public offering. As such, this document has not been approved or registered by the Mauritius Financial Services Commission and is for the exclusive use of the person to whom it is addressed. The document is confidential and should not be disclosed or distributed in any way without the express written permission of the Company.

United Kingdom

Neither this document nor any other document relating to the Offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together, **relevant persons**). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

If you (or any person for whom you are acquiring the New Shares) are in the United Kingdom, you (and any such person) are:

- a "qualified investor" within the meaning of Article 2(e) of the UK Prospectus Regulation; and

- within the categories of persons referred to in Article 19(5) (investment professionals) or Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

If you (or any person for whom you are acquiring the New Shares) are in Hong Kong, you (and any such person) are a "professional investor" as defined under the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong.

Guernsey

The New Shares may only be offered or sold in or from within the Bailiwick of Guernsey (i) to existing holders of the Company's Securities; (ii) by persons licensed to do so under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) (the **POI Law**); or (iii) to persons licensed under the POI Law, the Insurance Business (Bailiwick of Guernsey) Law, 2002, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc., (Bailiwick of Guernsey) Law, 2000.

If you (or any person for whom you are acquiring the New Shares) are in Guernsey, you (and any such person) are (i) an existing holder of the Company's securities or (ii) a licence holder pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, the Insurance Business (Bailiwick of Guernsey) Law, 2002, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002 or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc., (Bailiwick of Guernsey) Law, 2000.

10.7 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

(a) the formation or promotion of the Company;

(b) any property acquired or proposed to be acquired by the Company in connection with:

  (i) its formation or promotion; or

  (ii) the Offer;

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

(c) as an inducement to become, or to qualify as, a Director

(d) for services provided in connection with:

  (i) the formation or promotion of the Company; or

  (ii) the Offer.

10.8 Ancillary Offers

This Prospectus also contains a number of ancillary offers as noted below:

(a) the offer of 20,000,000 Cornerstone Options to ARCH SRF (**Ancillary Cornerstone Offer**);

(b) the offer of 7,500,000 JLM Options to the Joint Lead Managers (or their nominees) (**Ancillary JLM Offer**);

(c) the offer of 14,600,000 Incentive Options to the persons noted in Section 7.2 (and in the case of the Directors, subject to the approval of the Company's current sole Shareholder, Marvel Gold); and

(d) the offer of 1,875,000 Shares to the Marketing Advisor (**Ancillary Marketing Offer**),

(together, the **Ancillary Offers**).

The Ancillary Offers will open on the Opening Date and remain open until the Closing Date (unless closed earlier by the Directors, in their sole discretion).

Each Ancillary Offer is a separate offer. The Ancillary Offers noted in Sections 10.8(a) to 10.8(d) above may only be accepted by the persons noted in Sections 10.8(a) to 10.8(d) above (or their nominees, where applicable). Personalised Application Forms will be issued for the Ancillary Offers noted in Sections 10.8(a) to 10.8(d) above.

The Ancillary Offers are being made to ensure the on-sale of the Shares and Options, as well as the on-sale of the Shares issued on exercise of the Options, can be made within 12 months of the date of issue without a disclosure document or in reliance on an exemption under section 708 or 708A under the Corporations Act.

Ancillary Cornerstone Offer

The Company is required to issue 20,000,000 Cornerstone Options to ARCH SRF pursuant to the terms of the Investment Deed. See Section 9.2 for a summary of the Investment Deed.

Ancillary JLM Offer

The Company is required to issue 7,500,000 JLM Options to the Joint Lead Managers (or their nominees) pursuant to the terms of the JLM Mandate. See Section 9.5 for a summary of the JLM Mandate.

Ancillary Marketing Offer

The Company is required to issue 1,875,000 Shares to the Marketing Advisor pursuant to the terms of the Marketing Engagement. See Section 9.8 for a summary of the Marketing Engagement.

10.9 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

(a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or

(b) promoter of the Company,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

(c) the formation or promotion of the Company;

(d) any property acquired or proposed to be acquired by the Company in connection with:

(i) its formation or promotion; or

(ii) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

(e) the formation or promotion of the Company; or

(f) the Offer.

CSA Global Pty Ltd has acted as Technical Expert and has prepared the Technical Report which is included in Appendix 1. The Company estimates it will pay CSA Global Pty Ltd a total of $27,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, CSA Global Pty Ltd has not received fees from the Company for any other services.

PricewaterhouseCoopers Securities Ltd has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which is included in Appendix 3. The Company estimates it will pay PricewaterhouseCoopers Securities Ltd a total of $80,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, PricewaterhouseCoopers Securities Ltd has not received any fees from the Company for any other services.

Chieftain Securities (WA) Pty Ltd and Ashanti Capital Pty Ltd have acted as the Joint Lead Managers to the Offer. Details of the payments to be made to the Joint Lead Managers are set out in Section 9.5. During the 24 months preceding lodgement of this Prospectus with ASIC, the Joint Lead Managers have not provided any other services to the Company.

King & Wood Mallesons has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay King & Wood Mallesons $325,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with ASIC, King & Wood Mallesons has not received fees from the Company for any other services.

Bowmans Tanzania Limited has prepared the Lawyer's Report which is included in Appendix 2. The Company estimates it will pay Bowmans Tanzania Limited $30,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, Bowmans Tanzania Limited has not received fees from the Company for any other services.

10.10 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

(a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and

(b) in light of the above, only to the maximum extent permitted by law,

expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

CSA Global Pty Ltd has given its written consent to being named as Technical Expert in this Prospectus, the inclusion of the Technical Report in Appendix 1 of this Prospectus in the form and context in which the report is included and the inclusion of statements contained in Investment Overview and Section 3 in the form and context in which those statements are included. CSA Global Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Dr Andrew Scogings, Mr Grant Louw, Mr Anoop Antu Kachappilly and Mr Karl van Olden have each given their written consents to being named as a competent person in this Prospects in the form and context in which they are named and to the inclusion in this Prospectus of the matters and the supporting information based on their information and all statements by, or statements said in this Prospectus to be based on a statement by them, each in the form and context in which they appear. Dr Andrew Scogings, Mr Grant Louw, Mr Anoop Antu Kachappilly and Mr Karl van Olden have not withdrawn their consent prior to lodgement of this Prospectus with ASIC.

PricewaterhouseCoopers Securities Ltd has given its written consent to being named as Investigating Accountant in the form and context in which it is named in this Prospectus and to the inclusion of the Investigating Accountant's Report in Appendix 3 in the form and context in which it is included. PricewaterhouseCoopers Securities Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Chieftain Securities (WA) Pty Ltd has given its written consent to being named as a Joint Lead Manager in this Prospectus in the form and context in which it is named. Chieftain Securities (WA) Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Ashanti Capital Pty Ltd has given its written consent to being named as a Joint Lead Manager in this Prospectus in the form and context in which it is named. Ashanti Capital Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

King & Wood Mallesons have given their written consent to being named as the solicitors (Australian law) to the Company in this Prospectus. King & Wood Mallesons has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

PricewaterhouseCoopers has given their written consent to being named as the auditor of Marvel Gold in this Prospectus in the form and context in which it appears. PricewaterhouseCoopers has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

BDO Audit (WA) Pty Ltd has given its written consent to being named as auditor of the Company in this Prospectus in the form and context in which it appears. BDO Audit (WA) Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Bowmans Tanzania Limited have given their written consent to being named as the solicitors (Tanzanian law) to the Company in this Prospectus and the inclusion of the Lawyer's Report in Appendix 2 in the form and context in which the report is included. Bowmans Tanzania Limited has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Marvel Gold has given its written consent to being named in this Prospectus in the form and context in which it appears and to the inclusion in this Prospectus of all information and statements relating to, made by, or said to be based on statements by, Marvel Gold, in each case in the form and context as they appear in this Prospectus (as applicable). Marvel Gold has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Each of the Directors and the Key Management Personnel have given their written consent to being named in this Prospectus in the form and context in which it appears and to the inclusion in this Prospectus of all information and statements relating to, made by, or said to be based on statements by, them, in each case in the form and context as they appear in this Prospectus (as

applicable). The Directors and Key Management Personnel have not withdrawn their consent prior to the lodgement of this Prospectus with ASIC.

10.11 Offer-associated costs

The total expenses of the Offer (excluding GST) that will be settled in cash are estimated to be approximately $2,114,744 and are expected to be applied towards the items set out in the table below:

Estimated Offer-associated costs	$
Technical Expert's Report	27,000
Investigating Accountant's Report	80,000
Taxation advice	62,000
Legal costs	325,000
ASX listing fee	77,000
Costs incurred by Marvel Gold to be reimbursed by the Company under the terms of the Share Exchange Agreement (refer Section 9.1)	762,344
Sub-total	**1,333,344**
Joint Lead Managers	600,000
Estimated commissions payable	181,400
Total cost of Offer	**2,114,744**

10.12 Continuous disclosure obligations

Following admission of the Company to the Official List, the Company will be a "disclosing entity" (as defined in Section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

Price sensitive information will be publicly released through ASX before it is disclosed to shareholders and market participants. Distribution of other information to Shareholders and market participants will also be managed through disclosure to ASX. In addition, the Company will post this information on its website after ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

10.13 Electronic Prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at www.evolutionenergyminerals.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

10.14 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that, as a result of the uncertainty of the Company's operations, they do not have a reasonable basis to specifically forecast future earnings or profits.

10.15 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company will apply to participate in CHESS, the ASX electronic transfer and settlement system in Australia, for those investors who have, or wish to have, a sponsoring stockbroker.

Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of New Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

10.16 Privacy statement

By completing and returning an Application Form, Applicants will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, and deal with you as a Shareholder including to make dividend payments (if any) and give corporate communications to you as a Shareholder.

By applying for Securities, each Applicant agrees that the Company may use the information provided for the purposes set out in this privacy statement and may disclose it for those purposes to the Share Registry, the Joint Lead Managers, the Company's related bodies corporate, agents, contractors and third party service providers (including mailing houses) and to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers and print service providers.

Applicants and Shareholders can access, correct and update the personal information that the Company holds about you. If you wish to do so, please contact the Share Registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Application Form, the Company may not be able to accept or process your application.

The Corporations Act requires the Company to include information about a Shareholder (including name, address and details of the securities held) in its public register. This information must remain in the register even if that person ceases to be a Shareholder of the Company. Information contained in the Company's registers is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its Shareholders) and compliance by the Company with legal and regulatory requirements. The Company's agents and service providers may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law.

A person who has provided such information has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

10.17 Documents available for inspection

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company at Level 1, Emerald House, 1202 Hay Street West Perth WA 6005:

(a) this Prospectus; and

(b) the Constitution.

10.18 Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications under this Prospectus are governed by the law applicable in Western Australia and each Applicant under this Prospectus submits to the exclusive jurisdiction of the courts of Western Australia and of the Commonwealth of Australia.

10.19 Statement of Directors

The Directors report that after due enquiries by them, in their opinion, since the date of the Financial Information included in Section 6 there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus.

11. Directors' Authorisation

This Prospectus is issued by the Company and lodged with ASIC pursuant to section 718 of the Corporation Act. The issue of the Prospectus has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented, and as at the date of this Prospectus has not withdrawn their consent, to the lodgement of this Prospectus with ASIC.

Trevor Benson
Executive Chairman
For and on behalf of
Evolution Energy Minerals Limited

12. Defined Terms

In this Prospectus, the following terms have the following meanings:

$ means Australian dollars.

Ancillary Cornerstone Offer means the ancillary offer made to ARCH SRF as described in Section 10.8.

Ancillary JLM Offer means the ancillary offer made to the Joint Lead Managers as described in Section 10.8.

Ancillary Marketing Offer means the ancillary offer made to the Marketing Advisor as described in Section 10.8.

Ancillary Offer means any one of the ancillary offers described in Section 10.8, as the context requires.

Applicant means a person that submits an Application Form.

Application Form means the application form attached to or accompanying this Prospectus relating to an Offer or Ancillary Offer, as the context requires.

Application Monies means the amount accompanying an Application Form submitted by an Applicant.

ARCH SRF or **Cornerstone Investor** means ARCH Sustainable Resources GPCo Limited in its capacity as general partner for and on behalf of ARCH Sustainable Resources Fund LP.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires.

ASX Listing Rules means the official listing rules of ASX.

Board means the board of Directors as constituted from time to time.

Chilalo Mineral Resource Estimate has the meaning given in Section 3.4.

Chilalo Ore Reserve Estimate has the meaning given in Section 3.4.

Chilalo Project means the flake graphite project located in the Ruangwa District of the Lindi Region in south-eastern Tanzania, including all of the granted tenements identified in Section 3.4.

Chilalo Project Royalty has the meaning given in Section 9.2.

Closing Date means the closing date of the Offer, being 1 November 2021, or 25 October 2021 in respect of the Priority Offer, in both cases subject to the Directors exercising their discretion to extend the Closing Date.

Company means Evolution Energy Minerals Limited (ACN 648 703 548).

Competent Person means a competent person as defined in the JORC Code.

Constitution means the constitution of the Company.

Cornerstone Offer means an offer to the Cornerstone Investor of 40,000,000 New Shares to raise $8,000,000, as described in Section 2.4.

Cornerstone Offer Application Form means the application form relating to the Cornerstone Offer to be made available by the Company.

Cornerstone Option means an option to acquire a Share having the terms set out in Section 10.4.

Corporations Act means the Corporations Act 2001 (Cth).

COVID-19 means the global coronavirus pandemic.

Deed of Consent means the deed of consent dated 27 April 2021 between, amongst others, the Company, Marvel Gold and the Lender.

DFS means the definitive feasibility study undertaken in respect of the Chilalo Project.

DFS Announcement means the announcement to ASX of the DFS by Marvel Gold (then called Graphex Mining Limited).

DFS Outcomes has the meaning given in Section 3.5.

DFS Outcomes Supporting Information means the information in Appendix 4.

Directors means the directors of the Company at the date of this Prospectus.

EBITDA means earnings before interest, taxes, depreciation and amortisation.

EFT means electronic funds transfer.

Eligible Marvel Shareholder means a person who:

(a) is registered as a holder of Marvel Shares on the Priority Offer Record Date; and

(b) is eligible under applicable laws of Australia, New Zealand, Mauritius, the United Kingdom, Hong Kong and Guernsey to receive an offer under the Priority Offer.

Escrow Restrictions has the meaning given in Section 9.2.

Escrowed Securities has the meaning given in Section 9.2.

ESG means environment, social and governance.

ESG Committee has the meaning given in Section 8.12.

ESG Committee Charter has the meaning given in Section 8.12.

ESG Party has the meaning given in Section 8.12

ESG Program has the meaning given in Section 9.2.

Evolution Group means the Company, Evolution HoldCo, Graphex UK and Ngwena Tanzania.

Evolution HoldCo means Evolution Energy Holdings Pty Limited (ACN 649 155 902).

Exposure Period means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by ASIC by not more than 7 days.

Financial Information has the meaning given in Section 6.1.

General Offer means the public offer of 70,000,000 New Shares to raise $14,000,000 (before costs), as described in Section 2.2.

General Offer Application Form means the application form attached to or accompanying this Prospectus relating to the General Offer.

Graphex UK means Graphex Mining UK No1 Limited.

GST has the meaning given in the A New Tax System (Goods and Services Tax) Act 1999 (Cth).

Historical Financial Information has the meaning given in Section 6.1.

Incentive Option means an option to acquire a Share having the terms set out in Section 10.4.

Interest Pause Date has the meaning given in Section 9.3.

Investigating Accountant means PricewaterhouseCoopers Securities Ltd, ABN 54 003 311 617, Australian Financial Services Licence No. 244572.

Investment Deed means the investment deed dated 28 September 2021 between the Company, Marvel Gold and ARCH SRF.

IRR means internal rate of return.

JLM Mandate means the joint lead manager mandate entered into between Evolution and the Joint Lead Managers dated 1 July 2021.

JLM Option means an option to acquire a Share having the terms set out in Section 10.4.

Joint Lead Managers means Chieftain Securities (WA) Pty Ltd (ACN 646 527 915) (CAR No. 1285214) and Ashanti Capital Pty Ltd (ACN 614 939 981) (AFSL 493204).

JORC Code means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012.

Key Management Personnel includes Chris Knee and Stuart McKenzie.

Lender means funds managed by Castlelake, L.P.

Lender Debt means the amount outstanding, or agreed as being outstanding, under the debt obligations owed by Graphex UK to the Lender from time to time.

Lender Debt Repayment has the meaning given in Section 9.3.

Lender's Security has the meaning given in Section 9.3.

Listing means the commencement of trading in Shares on the Official List.

Marvel Cash Consideration has the meaning given in Section 3.1.

Marvel Gold means Marvel Gold Limited (ACN 610 319 769).

Marvel Share means a fully paid ordinary share in the capital of Marvel Gold.

Minimum Subscription means the minimum value of New Shares (at $0.20 per New Share) to be applied for under the Offer, being $22,000,000.

Mining Act has the meaning given in Section 3.11.

New Share means a Share offered for issue under this Prospectus.

Ngwena Tanzania means Ngwena Tanzania Limited.

Notice of Exercise has the meaning given in Section 10.4.

NPV means net present value.

Offer means the offer of 110,000,000 New Shares at the Offer Price to raise a minimum of $22,000,000 before costs, as described in Section 2.

Offer Price means $0.20 per New Share.

Official List means the official list of ASX.

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Opening Date means the opening date of the Offer (including the Priority Offer), being 7 October 2021.

Option means an option to acquire a Share, and includes a Cornerstone Option, an Incentive Option or a JLM Option, as the context requires.

Option Plan has the meaning given in Section 10.5.

PL 11034/2017 means cancelled prospecting licence 11034/2017, originally granted by the Tanzanian Mining Commission, as discussed in Section 3.4.

Plan Shares has the meaning given in Section 10.5.

Priority Offer means the priority offer of up to approximately 10,000,000 New Shares to Eligible Marvel Shareholders to raise a maximum of $2,000,000, as described in Section 2.3.

Priority Offer Application Form means the application form attached to or accompanying this Prospectus relating to the Priority Offer.

Priority Offer Record Date means 4 October 2021.

Pro Forma Historical Financial Information has the meaning given in Section 6.1.

Prospectus means this prospectus.

Recommendations means the Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council.

Regulations has the meaning given in Section 3.11.

Related Body Corporate has the same meaning as in section 50 of the Corporations Act.

Royalty Deed means the royalty deed dated 28 September 2021 between the Company, Ngwena Tanzania and ARCH SRF.

Section means a section of this Prospectus.

Security means a Share or an Option (as the context requires).

Share means a fully paid ordinary share in the capital of the Company.

Share Exchange Agreement means the share exchange agreement dated 17 September 2021 between the Company and Marvel Gold.

Share Registry means Automic Registry Services Pty Ltd.

Shareholder means a holder of Shares.

Spin-out means:

(a) the internal corporate restructure involving the acquisition of the Chilalo Project by the Company; and

(b) the issue by the Company of New Shares to investors as part of an initial public offering and listing on the ASX.

TGC means total graphite content.

US Securities Act means United States Securities Act of 1933, as amended.

Voluntary Escrow Deed has the meaning given in Section 9.2.

WST means Western Standard Time as observed in Perth, Western Australia.

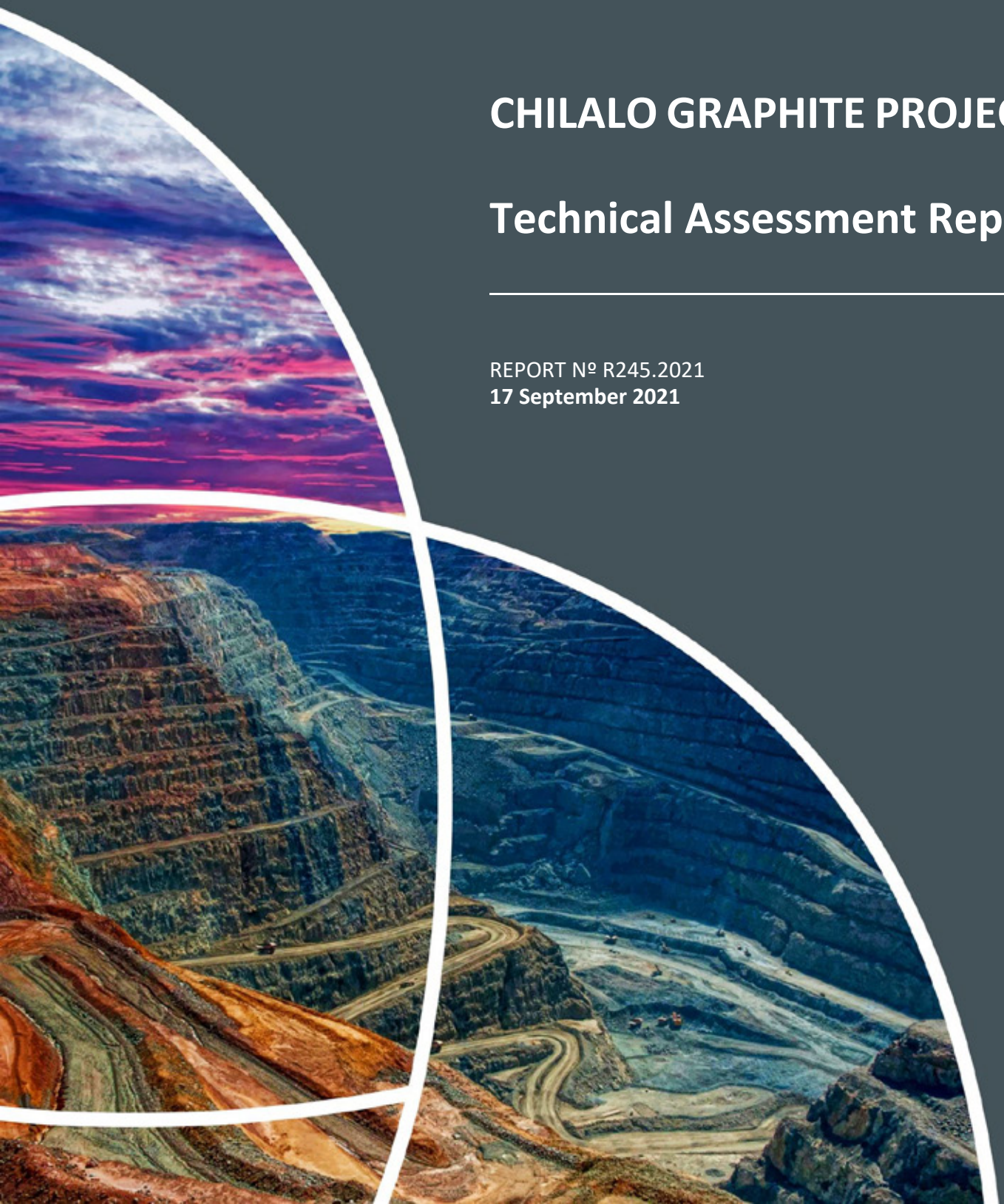
Appendix 1 – Technical Expert's Report

CSA Global
Mining Industry Consultants
an ERM Group company

CHILALO GRAPHITE PROJECT

Technical Assessment Report

REPORT Nº R245.2021
17 September 2021



Report prepared for

Client Name	Evolution Energy Minerals Limited
Project Name/Job Code	MARITA01
Contact Name	Phil Hoskins
Contact Title	Non-executive director
Office Address	Level 1, Emerald House, 1202 Hay Street, West Perth WA 6005

Report issued by

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Division	Corporate

Report information

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Author and Reviewer Signatures

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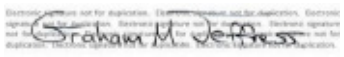
Contributing Author	Daniel Grosso MBA, BEng (Mining), MAusIMM	
Peer Reviewer	Ivy Chen B AppSc, FAusIMM, GAICD	
CSA Global Authorisation	Graham Jeffress BSc (Hons) Applied Geology, RPGeo (Mineral Exploration), FAIG, FAusIMM, FSEG, MGSA	

Executive Summary

CSA Global Pty Ltd (CSA Global), an ERM Group company, was commissioned by Evolution Energy Minerals Limited (Evolution) to prepare a Technical Assessment Report (Report) on the Chilalo Graphite Project (Chilalo Project, Chilalo or Project). The report was prepared by CSA Global in September 2021.

Marvel Gold Limited (Marvel) transferred the Chilalo Graphite Project into a newly incorporated, wholly owned subsidiary Evolution (ASX code: EV1), which proposes to undertake an initial public offering (IPO) to facilitate listing on the Australian Securities Exchange (ASX).

The Report was prepared for inclusion in the prospectus of Evolution and provides an objective Technical Assessment of the Project. This Report describes and summarises the Project and the Definitive Feasibility Study (DFS) completed for Marvel (then called Graphex Mining Limited) in 2020, comments on the DFS, proposed development options and provides recommendations for further work, and summarises the Ore Reserves and Mineral Resources.

The statements and opinions contained in this Report are given in good faith and in the belief that they are not false or misleading. CSA Global's opinions are based on information provided by Evolution and public domain information. This information has been supplemented by objective enquiries by CSA Global. The conclusions are based on the reference date of 17 September 2021 and could alter over time depending on exploration results, mineral prices, and other relevant market factors.

CSA Global has previously completed work for Marvel on various discrete jobs on the Chilalo Project, comprising advice on exploration, resource estimation, and the mine engineering inputs to the DFS (design, scheduling, and mining cost estimates); and most recently also competed an Ore Reserve estimate in 2020. Other inputs to the DFS – plant design, processing, metallurgical recoveries, environmental, marketing, other infrastructure, and financial modelling were completed by other consultants to Marvel. The work previously completed (and the work completed for this Report) by CSA Global was not influenced by Marvel and reflects its independent critical analysis and professional judgement.

Opinions presented in this Report apply to the site conditions and features, as they existed at the time of CSA Global's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report, about which CSA Global had no prior knowledge nor had the opportunity to evaluate.

Chilalo Mineral Resource

The maiden Chilalo Mineral Resource estimate (MRE) was completed by CSA Global in May 2015 and followed by updates in October 2015, February 2017, and August 2019. The current Mineral Resource estimate was reported in August 2019 and was also included in the DFS announced in January 2020 (Graphex[1], 2020). The MRE is summarised in Table 1, and the JORC Code Table 1 is provided in Appendix A.

[1] Company ASX announcements prior to 27 August 2020 have been referenced as "Graphex" to facilitate searches on the public record.

Table 1: MRE for Chilalo deposits of the Chilalo Graphite Project

Domain	JORC classification	Deposit	Tonnage (Mt)	TGC (%)	Contained graphite (kt)
High Grade	Indicated	Main	9.2	10.6	982
		North East	1.0	9.5	100
		All	**10.3**	**10.5**	**1,082**
	Inferred	Main	7.4	9.5	704
		North East	2.3	8.8	205
		All	**9.8**	**9.3**	**908**
High Grade Total	**Indicated + Inferred**	**All**	**20.1**	**9.9**	**1,991**
Low Grade	Inferred	Main	37.8	3.4	1,282
		North East	9.5	4.1	394
Low Grade Total		**All**	**47.3**	**3.5**	**1,677**
HIGH GRADE + LOW GRADE TOTAL	**Indicated + Inferred**	**Main + North East**	**67.3**	**5.4**	**3,667**

Note: The Mineral Resource was estimated within constraining wireframe solids using core high-grade domains defined above a nominal 5% TGC cut-off within surrounding low-grade zones defined above a nominal 2% TGC cut-off. The Mineral Resource is reported for blocks above a lower cut-off grade of 2% TGC. Differences may occur due to rounding.

The information in this report that relates to in situ Mineral Resources for Chilalo is based on information compiled by Mr Grant Louw, under the direction and supervision of Dr Andrew Scogings. Mr Louw was a full-time employee of CSA Global and Dr Scogings was an Associate of CSA Global at the time of the Mineral Resource estimation. Dr Scogings takes overall responsibility for the estimate. Dr Scogings is a Member of both the Australian Institute of Geoscientists and Australasian Institute of Mining and Metallurgy and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code, 2012 Edition). Dr Scogings consents to the inclusion of such information in this report in the form and context in which it appears.

The Chilalo Mineral Resource estimation is classified based on wireframes reflecting the confidence in the interpreted mineralisation continuity, structural and weathering profile controls, data quality and quantity, and sufficient metallurgical data to provide confidence for recovery of graphite concentrates and products.

The Mineral Resource is classified as Indicated for those volumes where in the Competent Person's opinion there is adequately detailed and reliable, geological and sampling evidence, metallurgical testing result data and supported by geophysical electromagnetic (EM) modelling data, which are **sufficient to assume geological, mineralisation and quality continuity**.

The Mineral Resource is classified as Inferred where the model volumes are, in the Competent Person's opinion, considered to have more limited geological and sampling evidence, metallurgical testing result data and supported by geophysical EM modelling data, which are **sufficient to imply but not verify geological, mineralisation and quality continuity**.

CSA Global objectively considers the Mineral Resource has reasonable prospects for eventual economic extraction. Work completed to date allows a sufficient level of confidence to classify the majority of the high-grade Mineral Resource as Indicated. The low-grade zones are currently all classified as Inferred.

Metallurgy and Extraction

The Chilalo deposit has been subject to various metallurgical testwork programs since the initial drill programs were carried out in the last quarter of 2014 to generate samples for metallurgical testwork. From the initial drill programs, sampling and compositing was undertaken to generate representative samples to assess the amenability of the mineralisation to beneficiation by froth flotation and to identify the nature, flake size and occurrence of the graphite in a selection of drill core samples and flotation products. This testwork program was completed by SGS (Perth) and managed by BatteryLimits with the results supporting the process design and engineering for the 2015 Prefeasibility Study (PFS).

Further programs of work were initiated in 2016 and 2017 on samples generated since the PFS was completed, aimed at producing bulk concentrate samples for marketing and additional preliminary testing of

oxide mineralisation. In addition, during 2016 a testwork program was undertaken by Suzhou with a focus to produce coarse flake graphite with grades greater than 85% total graphitic carbon (TGC). During 2018 a further series of tests were undertaken to further optimise coarse flake size recovery.

In 2018–2019, a new drill program was undertaken to complete a DFS level testwork program and included additional variability sample from new areas of the expanded resource and a further 40-tonne bulk sample was taken from a series of trenches within the main central zone of the deposit.

Flotation testwork of the 2019 composites which were initially stage ground to P100 1.4 mm, and using flash rougher flotation, screening and five stages of cleaning produced final graphite concentrates above target grade LOI >95% and 90–98% graphite recovery. A favourable coarse particle size distribution (PSD) was maintained (~50% to 60% >180 µm flake size).

CSA Global is of the opinion that petrographic and extractive metallurgical data support the classification of the Chilalo deposit as an Industrial Mineral Resource in terms of the JORC Code Clause 49.

Mining and Ore Reserves

A DFS was announced to the market by Graphex on 29 January 2020. The total Ore Reserve reported is 8.9 Mt at 9.9% TGC grade (CSA Global, 2019b) and is presented in Table 2 .

Table 2: Ore Reserve estimate January 2020

Deposit	JORC classification	Tonnes (Mt)	Grade TGC (%)	Contained graphite (kt)
Chilalo	Proved	-	-	-
	Probable	8.9	9.9	885
Total		**8.9**	**9.9**	**885**

Notes: Figures above may not sum due to rounding. The Ore Reserve statement is supported by pit optimisations, pit designs, schedule, and subsequent financial model. Mineral Resources are inclusive of Ore Reserves.

The information in this section that relates to Ore Reserves is based on information compiled by Mr Anoop Antu Kachappilly and reviewed by Mr Karl van Olden, both employees of CSA Global Pty Ltd at the time of the Ore Reserve estimation. Mr van Olden takes overall responsibility for the Report as Competent Person. Mr van Olden is a Fellow of The Australasian Institute of Mining and Metallurgy and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as Competent Person in terms of the JORC Code (2012 Edition). The Competent Person, Karl van Olden has reviewed the Ore Reserve statement and given permission for the publication of this information in the form and context within which it appears.

In CSA Global's opinion following a high level review, the Ore Reserve is unlikely to vary materially from the January 2020 estimate, without a significant change in market conditions and product price for the following reasons:

- The outcomes of the pit optimisations supporting the Ore Reserve showed that the Ore Reserve is Mineral Resource constrained
- Sensitivity analysis within the DFS, based on this Ore Reserve, resulted in a positive NPV when key project parameters fluctuated by ±20%, including metal price, metallurgical recovery, operating cost, capital cost and discount rate
- The accuracy of the DFS cost estimate is stated to be ±15%, whereas an Ore Reserve requires only a PFS level of accuracy.

The mining approach applied in the Chilalo DFS is conventional open pit mining. The regular shape of the outcropping orebody is well suited to this approach. The surrounding terrain is generally flat with a few gullies and ridges. Conventional mining equipment, sized to suit the operation will be used. The ore will be trucked from the mine to a run-of-mine (ROM) stockpile adjacent to the plant. Waste rock will be trucked to a waste dump.

The Chilalo Project mining costs and production parameters are based on budget estimates and a database of relevant industry costs. These inputs were used to generate a series of nested pit shells based on varying

basket prices. The optimisation highlighted that the optimised pit shell is limited by the extent of the Mineral Resource rather than the economics of the Project.

The mining dilution and ore loss factors were applied against the in-situ numbers. All the material from the Indicated Resource category is fed into the processing plant. The Inferred Resource is classified as Mineralised Waste.

Pit optimisations reached a depth of the currently identified Indicated Mineral Resource, indicating that further depth extensions of the deposits could be economically recoverable by open pit mining.

Pits have been designed based on the optimisation results and the pit slope angles recommended by Open House Management Solutions (OHMS). The North Pit and the West Pit have been designed with starter pit cutbacks into final pit limits. Central pit has a starter pit and three cutbacks into the final pit.

Total pit inventories include 8.9 Mt at 9.9% TGC ROM feed, 11.39 Mt of Mineralised Waste and 33.2 Mt of Waste Rock at a strip ratio of 5.0.

A production schedule based on Measured and Indicated Mineral Resources has been developed to maintain 500 ktpa ROM throughput, resulting in a Project life of 18.25 years, inclusive of pre-production mining, production ramp-up and ramp-down. The mining schedule contains 21.3% Inferred Mineral Resources of total movement. Inferred Mineral Resources has been treated as waste rock within the schedule.

Conventional open pit mining techniques of drill and blast followed by excavate, load and haul are suitable for the Chilalo Project. A traditional excavator (40–120 tonne) and articulated dump truck (40–50 tonne) configuration have been selected based on a maximum annual mining rate of 5 Mtpa and is appropriate for the design, bench height, mining dilution and recovery applied in the DFS.

Waste rock dumps (WRDs) have been designed to contain all pit waste and have concave slopes with an overall slope angle no greater than 20°. Potentially acid forming (PAF) waste rock will be encapsulated by non-acid forming (NAF) waste rock within the WRD designs. Paddock dumping strategy has been recommended to minimise sulphide mineral oxidation in a WRD by reducing the grain size segregation.

The tailings storage facility (TSF) at Chilalo has been designed to store up to 13 Mt of tailings that will be produced over a 15-year life of mine. The facility is intended to occupy a shallow valley to the north of the proposed pit and west of the plant location. Tailings will be contained by a cross valley embankment, constructed in seven nominal stages during the life of mine.

The total mining capital expenditure over the life of the Project is US$1.86 million.

The total mining operating cost estimate over the life of the Project is US$297.2 million. Total operating costs are equivalent to US$5.55 per mined tonne.

Sensitivity analysis was done for the metal price, metallurgical recovery, operating cost, capital cost and discount rate. The Project net present value (NPV) remains positive for the tested sensitivity between +20% and -20%. The sensitivity analysis completed indicates that the Project results are most sensitive to commodity price and then to the metallurgical recovery.

CSA Global considers that the accuracy of the cost estimate is appropriate for DFS purposes.

Process Plant and Shipping

The Chilalo processing plant has a design throughput rate of 500,000 tonnes per year. The processing plant design for the Project has been based on the process design criteria which has been derived from the testwork and confirmed with pilot plant work.

The crushing circuit will be a conventional two stage crushing circuit with a jaw crusher as the primary crusher and a cone crusher as the secondary crusher. The secondary crusher will be in closed circuit with a double deck vibrating screen.

Primary grinding will be carried out in a rod mill, which will operate in closed circuit with a rod mill screen. The undersize from the rod mill screen will feed a flash flotation rougher flotation cell, while the screen oversize will be reground in the primary mill. The rougher cell will recover fast floating coarse graphite which will report to the flotation circuit. The rougher tail will gravitate to the ball mill discharge hopper where it will be pumped to the ball mill cyclones.

A conventional flotation process will be used to recover graphite concentrate. The flotation circuit will consist of rougher scavenger flotation with regrind followed by multiple stages of screening, cleaning and attrition grinding.

The coarse cleaning circuit will consist of a regrind mill, two banks of coarse cleaners and a coarse graphite separation screen. The cleaning circuit will consist of regrind mills, cleaner cells, and coarse graphite separation screens.

The final concentrate is then filtered, dried, and classified into eight product bins that allow different product grades.

Graphite concentrate produced at Chilalo will be transported approximately 638 km by truck to the international port of Dar es Salaam, predominantly on sealed bitumen road.

CSA Global considers that the processing method is appropriate for a flake graphite project such as Chilalo.

Financial Model

The financial model from the DFS was provided to CSA Global. CSA Global reviewed and verified the inputs used in the model and is of the opinion that the financial model is based on valid and appropriate inputs, estimates, and assumptions. The model is therefore considered to be based on reasonable grounds and suitable for assessment of project viability at a DFS level.

This model was tested by generating an Ore Reserve using the same financial inputs. The financial model demonstrates that the outcome for the Ore Reserve project case is economically viable.

CSA Global verified that the operating cost estimate used in the DFS includes all costs associated with mining, processing, infrastructure, and site-based general and administration costs. The operating costs have been estimated from a variety of sources, including:

- Budget quotations received from suppliers and contractors;
- Operating cost databases;
- Industry based in-country and expatriate wages and salaries; and
- First principles estimates based on typical operating data.

The operating cost estimates have been prepared to an accuracy of ±15%.

The forecast basket price used for Whittle pit optimisations was US$1,500/t. The forecast basket price used in detailed financial modelling was based on market predictions and trend analysis completed by an independent market consultant, who provided detailed pricing across multiple markets, applications, and directly from end users. The consultant also used government publications, dedicated websites to global graphite mining activities and global pricing information; United States Geological Survey (USGS); and the Global Trade Atlas. For China prices, input was considered from Benchmark Mineral Intelligence, RefWin, Industrial Minerals, an independent market consultant, and conversations with potential customers.

The DFS outlined the Chilalo processing specific metallurgical and chemical attributes are ideally suited for foils, fire retardants, engineered products, lubricants, and thermal drilling fluids.

CSA Global is of the opinion that the average forecast basket price of US$1,534/t used in the Chilalo Graphite Project DFS financial model is reasonable. CSA Global note that the graphite basket price is the most sensitive factor in the DFS financial model. A sensitivity analysis was completed in the financial model for an average

price reduction of 29% and the Chilalo Project value remains positive at this point. CSA Global therefore recommends that the assumption that all product is saleable continues to be refined.

Chilalo Exploration Potential

Geophysical techniques are an indirect way of mapping geological and/or mineralisation trends across an exploration project. Given that graphite (and associated metal sulphide minerals, for example pyrite and pyrrhotite) are conductors, various electromagnetic (EM) methods can be highly effective exploration tools for graphite mineralisation. EM surveys can be carried out on the ground, downhole or from the air.

A versatile time domain electromagnetics (VTEM) geophysical survey was initially completed over a large portion of the property, initially targeting nickel sulphides. The VTEM map showed several elongate EM targets, some of which were drilled in 2014, leading to the discovery of the Chilalo graphite deposit.

Based on EM survey data, there is potential for further graphite discoveries in the Chilalo area. The fundamental assumption underlying the concept of additional graphite mineralisation is that anomalous, high EM conductance trends identified in VTEM, fixed loop electromagnetic (FLEM) and downhole electromagnetic (DHEM) data represent graphite mineralisation.

FLEM surveying was completed in 2019 over several graphite targets identified from the VTEM data across the Chilalo project. Although several other graphite targets were identified, no FLEM surveying has yet been done over them.

In August 2021, Marvel discovered that prospecting licence 11034/2017 (PL 11034/2017) (which previously formed part of the tenements comprising the Project) had not been renewed despite Ngwena Tanzania Limited (Ngwena) having lodged a renewal application for PL 11034/2017 and having paid the required renewal rent in March 2021. Following a due diligence process undertaken by Evolution and its Tanzanian legal counsel, it was confirmed that PL 11034/2017 had been cancelled by the Tanzanian Mining Commission. Ngwena has since requested from the Mining Commission a revocation of the cancellation of PL 11034/2017 and is undertaking other actions to have PL 11034/2017 reinstated. Please refer to the Lawyer's Report on tenure attached to the prospectus (appendix 2, paragraphs 5.2 – 5.7) for further information on the cancellation of PL 11034/2017.In CSA Global's opinion, the VTEM, FLEM and DHEM geophysical survey results underpin the modelled extent of graphite mineralisation along strike and down dip at the Chilalo deposit and furthermore, indicate potential for graphite mineralisation elsewhere in the Project area.

CSA Global cautions, however, that geophysical exploration methods are indirect and may detect other conductive minerals such as metal sulphides, in addition to graphite.

CSA Global concludes that there is potential to discover further graphite mineralisation in the Chilalo tenements using FLEM, exploration drilling and DHEM techniques.

Use of funds and expenditure program

CSA Global has reviewed the proposed use of funds and proposed expenditure program and is of the opinion that the scope of technical work planned at the Chilalo Graphite Project is an appropriate use of funds to continue project development, and build on the DFS taking the project through towards start-up. The proposed ongoing geophysical exploration activities will also extend the existing mineralisation and assure continuance of the pipeline for the Project.

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Appendices

1 Introduction

1.1 Context, Scope and Terms of Reference

CSA Global Pty Ltd (CSA Global), an ERM Group company, was requested by Evolution Energy Minerals Limited (Evolution) to prepare a Technical Assessment Report (Report) for use in a prospectus to support the spin out of its advanced Chilalo Graphite Project (Chilalo Project, Chilalo or Project). Evolution intends to undertake an initial public offering (IPO) and seek a listing on the Australian Securities Exchange (ASX). This Report is a Technical Assessment Report subject to the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports 2005 ("VALMIN[2] Code").

In preparing this Report, CSA Global:

- Adhered to the VALMIN Code.
- Relied on the accuracy and completeness of the data provided to it by Marvel, and that Marvel made CSA Global aware of all material information in relation to the Project.
- Relied on Marvel's representation that it will hold adequate security of tenure for exploration and assessment of the Project to proceed.
- Has independently verified the data used to prepare this Report and concludes that the data provide reasonable grounds for CSA Global's conclusions reached in this Report.
- Required that Marvel provide an indemnity to the effect that Marvel would compensate CSA Global in respect of preparing the Report against any and all losses, claims, damages and liabilities to which CSA Global or its Associates may become subject under any applicable law or otherwise arising from the preparation of the Report to the extent that such loss, claim, damage or liability is a direct result of Marvel or any of its directors or officers knowingly providing CSA Global with any false or misleading information, or Marvel, or its directors or officers knowingly withholding material information.
- Required an indemnity that Marvel would compensate CSA Global for any liability relating to any consequential extension of workload through queries, questions, or public hearings arising from the Report.

1.2 Compliance with the VALMIN and JORC Codes

The report has been prepared in accordance with the VALMIN Code, which is binding upon Members of the Australian Institute of Geoscientists (AIG) and the Australasian Institute of Mining and Metallurgy (AusIMM), the JORC[3] Code, and the rules and guidelines issued by such bodies as the Australian Securities and Investments Commission (ASIC) and ASX that pertain to Independent Expert Reports.

1.3 Principal Sources of Information and Reliance on Other Experts

This Report has been based upon information available up to and including 17 September 2021. CSA Global has based its review on information provided by Marvel including the Chilalo Graphite Project Definitive Feasibility Study (DFS) completed by Marvel in 2020, along with other relevant published and unpublished data.

CSA Global has endeavoured, by making all necessary and reasonable enquiries, to confirm the authenticity, accuracy, and completeness of the technical data upon which this Report is based.

[2] Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (The VALMIN Code), 2015 Edition, prepared by the VALMIN Committee of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. <http://www.valmin.org>

[3] Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The JORC Code, 2012 Edition. Prepared by: The Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC). <http://www.jorc.org>

CSA Global completed site visits to the Chilalo Project area in 2014 and 2015 during the exploration of the Shimba deposit and during preparation of the Prefeasibility Study (PFS) report and maiden Ore Reserve. As part of the site visits, CSA Global completed a review of the technical aspects of the Project, including previous work, geology, and planned exploration.

CSA Global's statements and opinions contained in this Report are given in good faith and in the belief that they are not false or misleading. The conclusions are based on the reference date of 17 May 2021 and could alter over time depending on exploration results, mineral prices, and other relevant market factors.

1.4 Prior Association and Independence

Neither CSA Global, nor the authors of this Report, have or have had previously, any material interest in the Chilalo deposits or the mineral properties in which Marvel or Evolution has an interest. CSA Global's relationship with Marvel and Evolution is solely one of professional association between client and independent consultant.

CSA Global is an independent geological and mining consultancy. This Report is prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is not contingent on the results of this Report.

No associate or employee of CSA Global is, or is intended to be, a director, officer, or other direct employee of Marvel or Evolution. There is no agreement between CSA Global and Marvel, or CSA Global and Evolution, as to either company providing further work for CSA Global.

CSA Global has in the past completed work for Marvel on various discrete jobs on the Chilalo Project, comprising advice on exploration, resource estimation, the mine engineering inputs to the PFS (design, scheduling, and mining cost estimates), and most recently the 2020 Ore Reserves update for the DFS. Other inputs to the DFS – plant design, processing, metallurgical recoveries, environmental, marketing, other infrastructure, and financial modelling were completed by other consultants to Marvel.

The work completed by CSA Global was not influenced by Marvel or Evolution and reflects its objective critical analysis and professional judgement.

1.5 Authors of the Report

CSA Global, an ERM Group Company, is a privately owned, mining industry consulting company headquartered in Perth, Western Australia. CSA Global provides geological, resource, mining, management and corporate consulting services to the international resources sector and has done so for more than 30 years.

This Report has been prepared by a team of consultants sourced principally from CSA Global's Perth, Western Australia office. The individuals who have provided input to this Report have extensive experience in the mining industry and are members in good standing of appropriate professional institutions:

- Contributing Author – Dr Andrew Scogings (Consultant with CSA Global in Perth, Western Australia) is responsible for the entire Report
- Contributing Author – Mr Daniel Grosso (Principal Mining Engineer with CSA Global in Perth, Western Australia) is responsible for Sections 6, 7 and 8 of the Report
- Peer reviewer – Ms Ivy Chen (Manager Corporate and Principal Consultant with CSA Global in Perth, Western Australia) is responsible for the entire Report
- Partner in Charge – Mr Graham Jeffress (Partner in Charge APAC and Principal Geologist with CSA Global in Perth, Western Australia) is responsible for the entire Report.

Dr Andrew Scogings is a Principal Consultant with CSA Global. He has over 35 years' experience in industrial minerals exploration, mining and processing, product development, market applications and commercialisation processes. Andrew is a regular contributor to Industrial Minerals Magazine and has published several papers on the requirements of the JORC Code 2012 with reference to Clause 49. He has

also written articles ranking global graphite exploration projects and was recently senior author of the Natural Graphite Report – strategic outlook to 2020 published recently by Industrial Minerals Research (UK). Andrew is a Registered Professional Geoscientist (RP Geo. Industrial Minerals) with the AIG.

Mr Daniel Grosso is an open-pit mining engineer with 11 years' experience in mine operations and consulting. Daniel's key areas of expertise are mine optimisation, design, scheduling, cost estimation, and Ore Reserve estimation. He commenced with CSA Global in 2016 and has since been instrumental in delivering mining engineering studies and mining operational support across a diverse range of mining operations and commodities. Daniel has significant commodity experience in various battery metals and is driven by connecting the world with resources that provide value for people, planet, and the broader community of life. He has a Bachelor of Mining Engineering, Master of Business Administration, and an Unrestricted Quarry Manager's Certificate (Western Australia).

Ms Ivy Chen is a corporate governance specialist, with over 30 years' experience in mining and resource estimation. She served as the national geology and mining adviser for the ASIC from 2009 to 2015. Ivy's experience in the mining industry in Australia and China as an operations and consulting resource geologist includes open pit and underground mines for gold, manganese and chromite, and as a consulting geologist she has conducted mineral project evaluation, strategy development and implementation, through to senior corporate management roles. Recent projects completed include listings and other commercial transactions on the Australian, Singapore, Hong Kong, and UK stock exchanges. Ivy is a company director and a member of the VALMIN Committee. Ivy manages CSA Global's Corporate Team and coordinates and participates in CSA Global's activities providing expert technical reviews, valuations, and independent reporting services to groups desiring improved understanding of the value, risks and opportunities associated with mineral investment opportunities.

Mr Graham Jeffress is a geologist with over 30 years' experience in exploration geology and management in Australia, Papua New Guinea, and Indonesia. He is Partner APAC and Principal Geologist with CSA Global in Perth and manages the APAC region for CSA Global. Graham has worked in exploration (ranging from grassroots reconnaissance through to brownfields, near-mine, and resource definition), project evaluation and mining in a variety of geological terrains, commodities, and mineralisation styles within Australia and internationally. He is competent in multidisciplinary exploration, and proficient at undertaking prospect evaluation and all phases of exploration. Graham has completed numerous independent technical reports (IGR, CPR, QPR) and valuations of mineral assets. Graham was a Federal Councillor of the AIG for 11 years and joined the Joint Ore Reserves Committee in 2014.

1.6 Declarations

1.6.1 Purpose of this Document

This Report has been prepared by CSA Global at the request of, and for the sole benefit of Evolution. Its purpose is to provide an independent Technical Assessment Report of Evolution's Chilalo Project.

The Report is to be included in its entirety or in summary form within a prospectus to be prepared by Evolution in connection with an IPO. It is not intended to serve any purpose beyond that stated and should not be relied upon for any other purpose.

The statements and opinions contained in this report are given in good faith, and in the belief, that they are not false or misleading. The conclusions are based on the reference date of 17 September 2021 and could alter over time depending on exploration results, mineral prices, and other relevant market factors.

1.6.2 Competent Person's Statement

The information in this Report that relates to in situ Mineral Resources for Chilalo is based on information compiled by Mr Grant Louw, under the direction and supervision of Dr Andrew Scogings. Mr Louw was a full-time employee of CSA Global and Dr Scogings was an Associate of CSA Global at the time of the Mineral

both the AIG and AusIMM and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code, 2012 Edition). Dr Scogings consents to the inclusion of such information in this Report in the form and context in which it appears.

The information that relates to Ore Reserves is based on information compiled by Mr Anoop Antu Kachappilly and reviewed by Mr Karl van Olden, both employees of CSA Global at the time of Ore Reserve estimation. Mr van Olden takes overall responsibility for the Report as Competent Person. Mr van Olden is a Fellow of the AusIMM and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as Competent Person in terms of the JORC Code (2012 Edition). The Competent Person, Karl van Olden has reviewed the Ore Reserve statement and given permission for the publication of this information in the form and context within which it appears.

1.6.3 Site Inspection

CSA Global completed site visits to the Chilalo Project area in 2014 and 2015 during the exploration of the Shimba deposit and during preparation of the PFS report and maiden Ore Reserve. As part of the site visits, CSA Global completed a review of the technical aspects of the Project, including previous work, geology, and planned exploration. No site visit was made to the Project in connection with this Report, as the author has sufficient knowledge to assess the Project, and in CSA Global's professional judgement, an additional site visit is unlikely to materially improve its understanding of the Projects.

2 Natural Graphite Basics

2.1 What is Graphite?

Graphite is an allotrope of carbon, characterised by a hexagonal structure that facilitates easy cleavage, and which makes it one of the softest substances known. Graphite is grey to black, opaque, very soft, has a low density and a metallic lustre. Physical properties include specific gravity of 2.2 and Mohs hardness of 1-2.

It is flexible and malleable and exhibits both metallic and non-metallic properties, making it suitable for diverse industrial applications. The metallic properties include thermal and electrical conductivity, whereas non-metallic properties include chemical inertness, high thermal resistance, and lubricity. It is an excellent conductor of heat and electricity and is highly refractory.

Natural graphite occurs in three discrete commercial forms, described as amorphous, flake and vein (Scogings et al., 2015). Graphite may also be synthetically manufactured from carbon-bearing raw materials such as petroleum coke and tar pitch.

Flake graphite is generally formed during regional or contact metamorphism of carbonaceous sedimentary rocks (flake graphite) with the name referring to graphite that occurs as disseminated flakes in metamorphic rocks (Figure 1). Flake graphite deposits are typically hosted in metamorphic rocks such as gneiss and schist. Most flake graphite deposits being mined, or of potential economic interest typically contain between 5% and 30% graphite within moderate to steeply dipping layers or lenses, perhaps up to 100 m in thickness.

Amorphous graphite is massive and microcrystalline, generally derived from thermally metamorphosed coal seams or carbonaceous sedimentary rocks depending on heat and pressure conditions.

Lump graphite forms in veins as coarse, platy, or needle-like crystals from carbon dioxide (CO_2) rich solutions related to magmatic intrusions, mainly in Precambrian igneous and metamorphic rocks (Figure 1).

Figure 1: High grade flake graphite ore from a European mine (L); vein graphite from a Sri Lankan mine (R)

Natural graphite products generally contain associated mineral impurities, which are referred to as ash. These impurities may include silicate and sulphide minerals such as quartz, feldspar, mica, pyrite, or pyrrhotite in the case of flake graphite. Amorphous graphite may contain sedimentary rock impurities such as shale, sandstone, quartzite, or limestone.

2.2 Resources and Reserves

While no strictly reliable information is available regarding total world reserves of graphite ore, the United States Geological Survey (USGS) (2021) estimated 320 Mt of global “reserves” in 2020. The reserves were predominantly accounted for by Brazil (70 Mt), China (73 Mt), India (8 Mt), Madagascar (26 Mt), Mexico

(3.1 Mt), Mozambique (25 Mt), Tanzania (17 Mt), and Turkey (90 Mt). The USGS noted that US resources of graphite are relatively limited, but that the "inferred resources" in the rest of the world exceeded *"800 million tons of recoverable graphite"*.

In terms of public reporting according to international codes such as JORC and National Instrument 43-101, it is cautioned that the "reserves" reported by USGS are unlikely to meet current criteria as either resources or reserves with respect to exploration methodology, geological continuity, or economic viability.

The past few years have seen considerable exploration for graphite by publicly listed companies, especially those listed on the Canadian and Australian stock exchanges. Most exploration has been aimed at flake graphite deposits, with the main "hotpots" being in Australia, Canada, Mozambique, and Tanzania (countries in alphabetical order, not in terms of exploration activity). Other target countries have included Brazil, Korea, Madagascar, Namibia, Sweden, and the US.

2.3 Global Production and Prices

Global annual natural graphite production is estimated at around 1.1 Mt (USGS, 2021).

According to USGS (2021) data, China was the world's leading producer of natural graphite in 2020 and supplied about ~650,000 tonnes, followed by Mozambique (~120,000 tonnes), Brazil (~95,000 tonnes), India (~34,000 tonnes), and Russia (~24,000 tonnes).

The USGS 2021 Mineral Commodity Summary estimated that an estimated 41,000 tonnes of natural graphite were imported into the USA during 2020 at average prices of US$1,400/t for flake, US$3,400/t for Sri Lankan lump and chip, and US$570/t for amorphous graphite. By comparison, prices during 2019 were US$1,350/t for flake, US$2,390/t for Sri Lankan lump and chip, and US$496/t for amorphous graphite.

Spherical graphite is a product for which prices are not widely publicised. However, according to China Customs data, prices for uncoated spherical products over the past few years ranged around US$3,000/t.

2.4 Exploration and Test Methods

Graphite is explored for by methods such as field mapping, trenching, geophysics, drilling, assaying of the graphite content, mineralogical and metallurgical testing. Data generated in this way, if successful, could lead to the estimation of a Mineral Resource. Reporting mineral resources according to international codes requires that they be classified according to confidence in geological and grade continuity, in addition to accounting for product specifications.

There are several methods of drilling for graphite such as reverse circulation percussion (RCP) or diamond core drilling, while auger drilling may occasionally be used to explore highly weathered clayey mineralisation. Diamond core drilling is by far the preferred method of exploration drilling for graphite, as the graphite flakes and host rock are relatively undisturbed when retrieved as core (Figure 2) and can be used for extractive metallurgical tests.

Carbon may be present in rocks in several different forms including organic carbon, carbonate minerals or graphitic carbon. Organic carbon and carbon in carbonate minerals, such as calcite, should be removed before assaying for total graphitic carbon (TGC). These two forms of non-graphitic carbon are typically removed from the sample by acid leaching and calcination.

TGC assays quantify the amount of graphite contained within a deposit, but do not indicate the amount of graphite that may be recoverable, or the purity or flake size distribution of liberated graphite and the process required to liberate and produce a graphite concentrate.

Figure 2: High-grade flake graphite mineralisation in drill core from Evolution's Chilalo deposit

2.5 Mining and Processing

Most flake graphite deposits being mined opencast contain between 5% and 15% graphite, whereas underground mines have grades of around 30% graphite.

Flake graphite deposits may be between 5 m and 100 m in thickness, extend along strike for hundreds or thousands of metres and dip anywhere between horizontal and vertical. Deeply weathered (saprolitic) flake graphite deposits may offer mining and processing benefits over unweathered deposits due to ease of mining and processing the soft decomposed ore. Deeply weathered deposits have been mined for many years in Madagascar and Brazil.

Vein deposits have complex geometry, are generally narrow (less than 1 m) and are selectively mined underground in Sri Lanka.

Amorphous graphite is mined underground and usually extracted using selective room and pillar mining methods, like coal mining.

Graphite is naturally hydrophobic and able to be separated from gangue minerals by froth flotation methods. Process flowsheet development is predicated on specific deposit location, grade, weathering, and mineralogy. Flake graphite usually is extracted by crushing, flotation, drying and screening to produce correctly sized product, retain large flakes, and remove impurities. Remaining impurities may need to be removed using additional milling or polishing, heat treatment or acid leaching methods.

Graphite may be "spheronised" into small balls of sub 20 µm diameter known as spherical graphite used in lithium-ion battery anodes (Figure 3). Spherical graphite production is dominated by China.

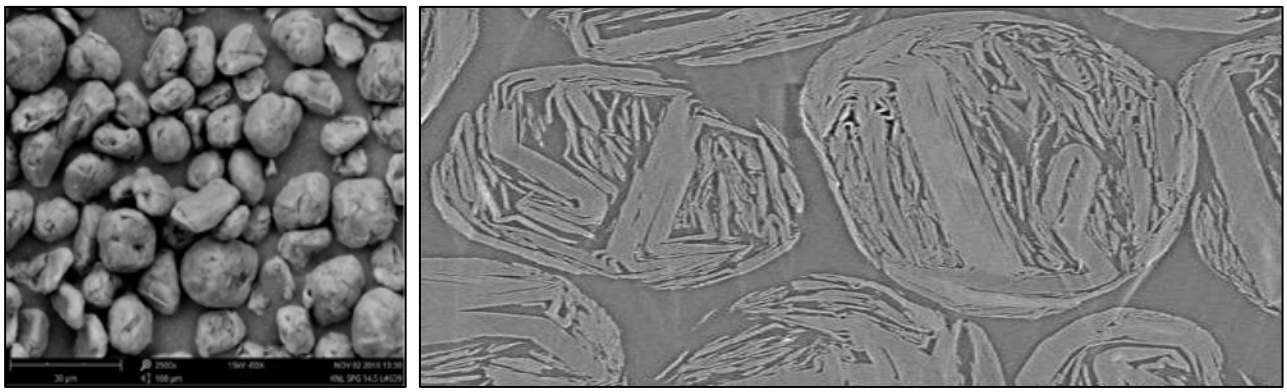

Figure 3: Spherical graphite (left) and cross sections through spherical graphite (right)
Source: ProGraphite GmbH, Berlin 2017. The spheres are ~10-15 µm diameter

2.6 Consumption, Uses and Specifications

The major usages of graphite are in refractories, batteries, expandable graphite, plus brake linings, steelmaking, and foundry operations.

The largest end market for natural graphite is in refractories, foundries and crucibles used in high temperature environments such as steel, glass and cement production. These markets account for an estimated 40% of total graphite consumption; predominantly consuming flake and vein graphite.

Metallurgy is the second largest market for natural graphite, which is used in metal production, particularly as a re-carburiser in steel, consuming mainly amorphous graphite or fine flake. This accounts for approximately 30% of total natural graphite output.

The third largest market for both flake and amorphous graphite is in parts and components; this range of products includes motor vehicle brake pads, carbon brushes for electric motors, and pencils. As a group, it is believed to consume about 10% of total output.

Batteries are the fourth largest graphite market. Although only consuming around 10% of worldwide graphite production, it is currently the fastest growing market. Chinese producers use –100 mesh (95% C) small flake for making spherical graphite (for battery anode applications). Anode manufacturers typically blend natural spherical graphite with synthetic graphite.

Solid lubricants based mainly on amorphous graphite consume a further 10% of production, having been a classic use for centuries.

Expandable graphite is another market that is anticipated to grow, for applications such as fire retardation to replace halogenated retardants, insulation, and heat transmission applications (e.g. graphite foil). These markets require large flake products generally >80 mesh. Lower product purity is probably acceptable for the construction industry, compared with graphite foils which require high purity.

Graphite is typically specified at a minimum by particle size and carbon content (see refractory examples in Table 3). There are no set industry specifications, although in countries such as China the government has established national standards (Table 4). Other specifications may include moisture, bulk density, crystallinity, oxidation temperature, or expansion volume.

Table 3: Examples of refractory products and graphite specifications

Product	Flake size	Flake graphite quality
Unshaped refractories	> 150 µm	85–94% C
Graphite-containing crucibles	> 150 µm	85–96% C
Magnesia/Dolomite Carbon bricks	< 150 to >300 µm	90–95% C
Alumina Magnesia Carbon bricks	< 150 µm	92–94% C

Source: Christoph Frey, ProGraphite GmbH (IM Graphite and Graphene Conference 2014)

Table 4: China National Standards: flake graphite products categorised by carbon content

Category	Lower limit (% C)	Upper limit (% C)
LC (high purity)	≥ 99.9	100
LG (high carbon)	≥ 94.0	< 99.9
LZ (intermediate carbon)	≥ 80.0	< 94.0
LD (low carbon)	≥ 50.0	< 80.0

Source: GB/T 3518-2008 Flake Graphite Standards

3 Project Location, Tenure and Climate

3.1 Location

The Chilalo Project is situated in the Ruangwa District of the Lindi Region in south-eastern Tanzania, approximately 180 km west of the coastal port city of Mtwara on the Indian Ocean and 400 km south of Dar es Salaam, Tanzania's largest city (Figure 4).

Figure 4: Location of the Chilalo Project

3.2 Tenements

There are four tenements, being one Mining Licence (ML) and three Prospecting Licences (PL) that cover an area of 131.15 km^2, as shown in Figure 5 and Table 5. The Chilalo tenements are 100% held by Evolution through its Tanzanian subsidiary, Ngwena Tanzania Limited (Ngwena).

In August 2021, Marvel discovered that prospecting licence 11034/2017 (PL 11034/2017) (which previously formed part of the tenements comprising the Project) had not been renewed despite Ngwena Tanzania Limited (Ngwena) having lodged a renewal application for PL 11034/2017 and having paid the required renewal rent in March 2021. Following a due diligence process undertaken by Evolution and its Tanzanian legal counsel, Evolution confirmed that PL 11034/2017 had been cancelled by the Tanzanian Mining Commission. Ngwena has since requested from the Mining Commission a revocation of the cancellation of PL 11034/2017 and is undertaking other actions to have PL 11034/2017 reinstated. Please refer to the Lawyer's Report on tenure attached to the prospectus (appendix 2, paragraphs 5.2 – 5.7) for further information on the cancellation of PL 11034/2017.

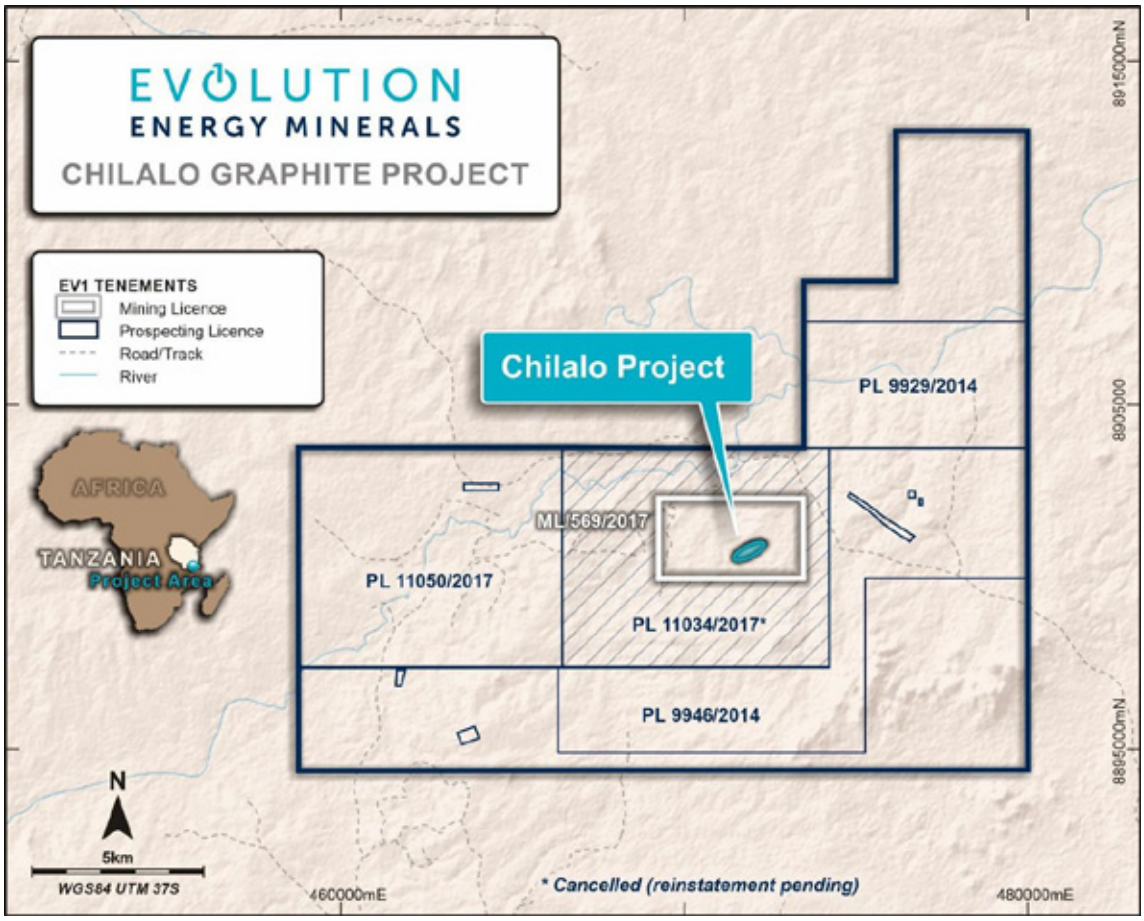

Figure 5: Tenement map

Table 5: Chilalo tenement details

Tenement ID	Tenement name	Expiry date	Status	Area (km²)
ML 569/2017	Chilalo ML	14 Feb 2027	Granted	9.81
PL 9929/2014	Chikwale	7 Jul 2021*	Granted – pending renewal	24.02
PL 9946/2014	Machangaja	7 Jul 2021*	Granted – pending renewal	48.50
PL 11050/2017	Chilalo West	12 Mar 2021 *	Granted – pending renewal	48.82
Total				**131.15**

** Ngwena has paid for renewals and has proof of payment. It ordinarily takes a number of months to receive a renewed PL after a renewal application has been submitted to, and payment has been received by, the Mining Commission.*

The Chilalo Project includes the Chilalo Mineral Resource, which is situated in Mining Licence ML 569/2017 (which was issued in February 2017 and expires in February 2027).

Please see the Lawyer's Report on tenure attached as appendix 2 in the prospectus. CSA Global has relied on this document to verify tenure, and CSA Global makes no other assessment or assertion as to the legal title of tenements, permits, approvals, etc. and is not qualified to do so.

3.3 Access

The national road network can be used to access the site from Dar es Salaam via Lindi on National route B2, from where the route goes west on the B5 to the mine site which is approximately 26 km from Ruangwa.

The second access route is by using commercial air transport from Dar es Salaam to Mtwara which is the closest significant regional town to Chilalo and then travel onto site by road via the B5 to Nanganga, north to Ruangwa and on to the mine site.

3.4 Climate and Physiography

The Project area has a dry to sub-humid climate. Annual rainfall ranges from 750 mm to 1,200 mm, occurring mainly between mid-November and mid-May. This is followed by six months of generally cooler and very dry weather from June to October. Annual minimum and maximum temperatures range between 17°C and 31°C.

Elevations in the area range from 180 m above sea level to 915 m above sea level. The main exploration activity at the Project has been centred near the 200–230 m elevation and overall, the property is quite flat. General outcrop exposure is poor and often obscured after the rainy season by thick grasses. Relative exposure improves as the seasonal fires of the dry season remove the vegetation cover.

The Project area is essentially woodland characterised by dry deciduous forest, scrub forest and thicket and secondary grasslands. It is generally considered to have poor agricultural potential. The area is generally underlain by weathered residual soils with a thin oxidised clay veneer. The weathering profile, as intersected in drilling at the Project area, has been observed to extend to depths between 20 m and 40 m.

Most of the river and creek systems are ephemeral, and thus remain dry in the dry season for about six months and become charged during the rainy season and immediately thereafter until residual pools finally evaporate.

The dominant natural vegetation type consists of deciduous Miombo woodland. Other vegetation types include areas of rocky acacia-clad hills, gallery and ground water forests characterised by wild date palm, associated with seasonally flooded sand rivers and small swamps.

The main land use is subsistence farming. Maize, cashew nuts, mango, beans, simsim (sesame), cassava, sorghum, banana, sweet potatoes, rice, cow pea, soya and groundnuts are grown mostly for local consumption (PFS, 2020).

4 Geology, Geophysics, Mineralogy and Metallurgy

4.1 Regional Geology

The Chilalo Project is situated within rocks of the late Proterozoic Mozambique Belt (MB) in south-eastern Tanzania.

The MB is a dominantly north-south trending orogenic domain of highly deformed and metamorphosed rocks that formed during oblique collision of East and West Gondwana and are part of the Pan African orogenic system. Peak metamorphic conditions to granulite facies (high temperature) are dated at 640 Ma (Muhongo et al., 2001; Sommer et al., 2003).

4.2 Chilalo Graphite Deposit Geology

The Chilalo graphite deposit is a series of intercalated graphitic horizons within a package of felsic gneiss, amphibolite, and occasional marble horizons. The package was deformed (folded) during several tectonic events, followed by a final fourth brittle deformation (faulting) event. During the latter deformation, the local geology was intruded by granitic stocks and dykes of variable composition, most likely exploiting existing structures from previous deformation events. There does not appear to have been any significant impact on mineralisation in this stage of deformation.

The graphite mineralisation strikes approximately 60° east and generally dips at about 45° to the south-southeast. The deposit swings gradually east-west in the western part of the deposit.

4.3 Geophysical Exploration

Geophysical techniques are an indirect way of mapping geological and/or mineralisation trends across an exploration project. Given that graphite and associated metal sulphide minerals – for example pyrite and pyrrhotite – are conductors, various electromagnetic (EM) methods can be highly effective exploration tools for graphite mineralisation. EM surveys can be carried out on the ground, downhole or from the air.

Marvel has provided CSA Global with reports by Resource Potentials Pty Ltd (e.g., Sinnott, 2017) on the geophysical modelling results including versatile time domain electromagnetics (VTEM), downhole electromagnetic (DHEM) and fixed loop electromagnetic (FLEM) wireframed plates to assist in the modelling of the Project. CSA Global is of the opinion that the geophysical work is suitable for use in the resource modelling process.

A VTEM geophysical survey was initially completed over a large portion of the property, initially targeting nickel sulphides. The VTEM map showed several elongate EM targets highlighted. Some were drilled in 2014, which led to the discovery of the Chilalo graphite deposit.

FLEM surveys were carried out during several field seasons to collect ground EM data over multiple linear conductive graphitic schist horizons identified in the existing VTEM survey data (see examples in Figure 6 and Figure 7).

DHEM surveys were carried out on reverse circulation (RC) drillholes, with the aim of verifying known graphite mineralisation and to detect off-hole EM responses possibly associated with graphite mineralisation (Figure 8 and Figure 9).

In CSA Global's opinion, the VTEM, FLEM and DHEM geophysical survey results underpin the modelled extent of graphite mineralisation along strike and down dip at the Chilalo deposit and furthermore, indicate potential for graphite mineralisation elsewhere in the Project area.

CSA Global cautions, however, that geophysical exploration methods are indirect and may detect other conductive minerals such as metal sulphides, in addition to graphite.

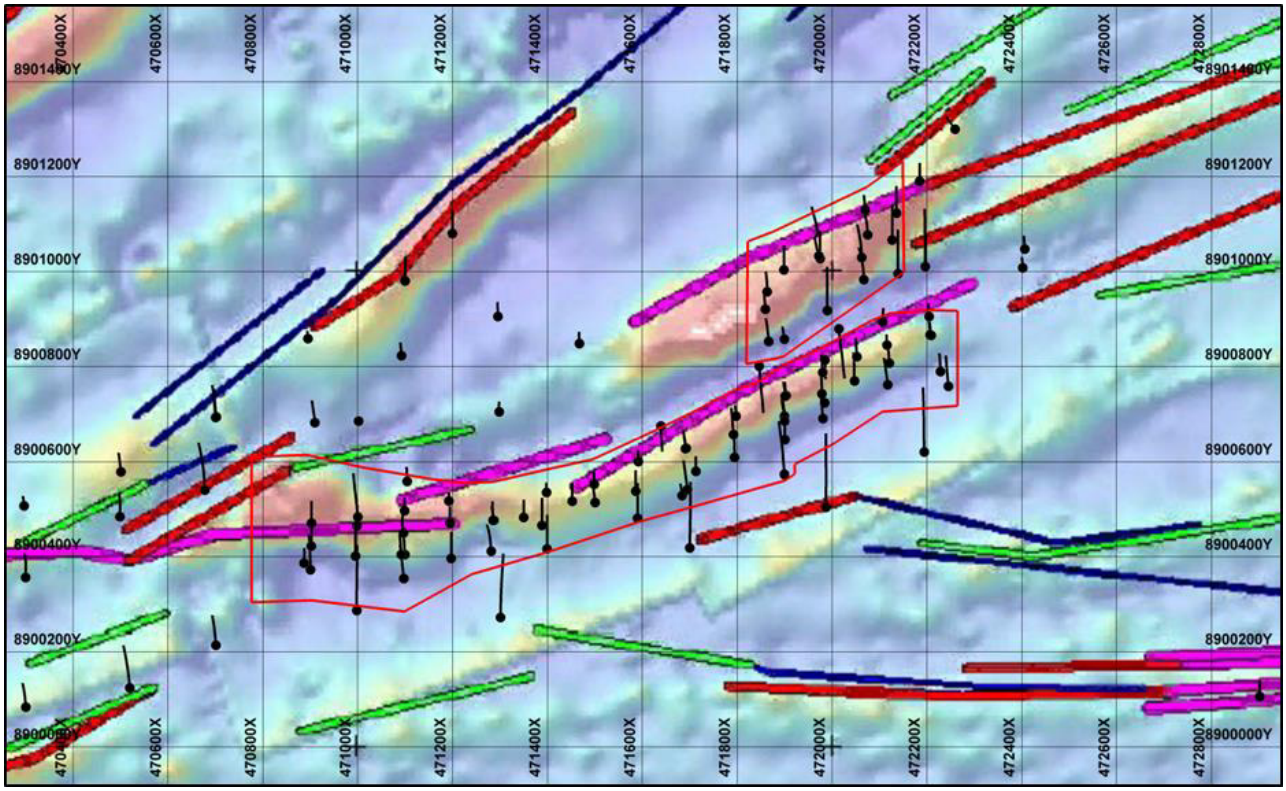

Figure 6: Detail of FLEM conductor plates projected to ground surface at the Chilalo deposit
The 2017 Chilalo Mineral Resource outline is shown as a red polygon; drill collars and traces as black dots and lines. Map grid 200 m x 200 m. The underlying image shows the VTEM anomalies.

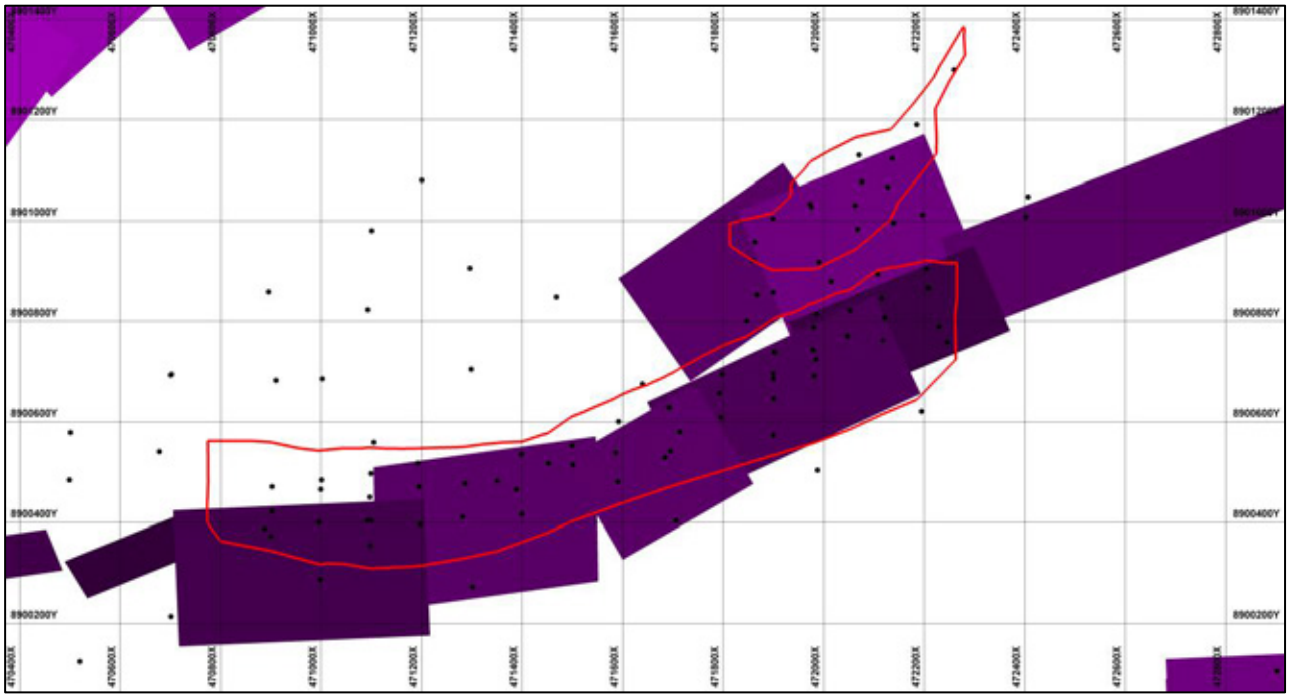

Figure 7: Map of very strong and strong conductance FLEM plates
Chilalo Mineral Resource of August 2019 shown as red outline. Map grid 200 m x 200 m.

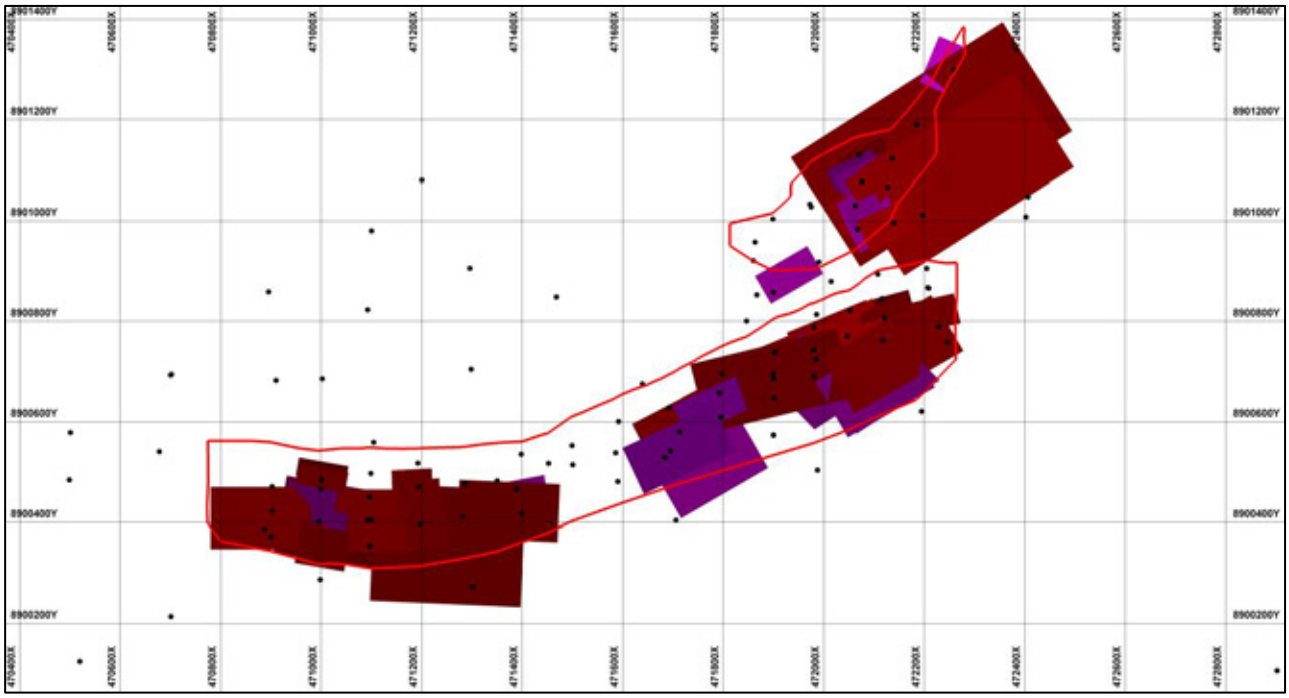

Figure 8: *Map of very strong and strong DHEM conductor plates*
The plates are shown relative to the Chilalo Mineral Resource outline of August 2019. Map grid 200 m x 200 m.

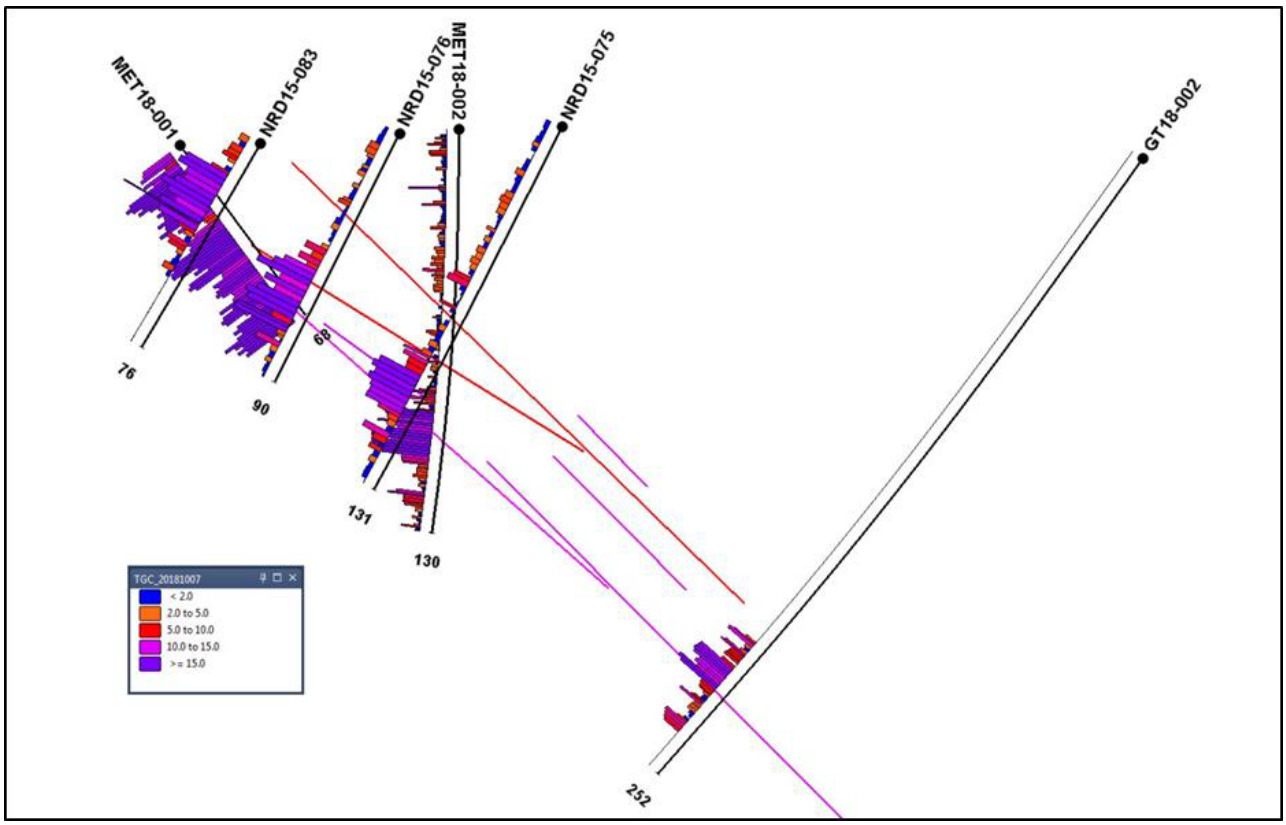

Figure 9: *Cross section of the Central deposit showing modelled DHEM plates*
The very strong and strong plates extend through graphite intersected in drillholes. Section looking northeast, no vertical exaggeration. Purple = very strong; red = strong. Graphite values shown as bar charts along the borehole traces.

4.4 Drilling and Trenching

A total of 2,312 m of diamond core from 50 holes and 1,305 m of RC samples from 30 holes were drilled within the interpreted mineralisation zones. Most of the holes were drilled to the north to intersect the mineralisation at approximately right angles.

A total of seven trenches were excavated across the graphite mineralisation outcrop and adjacent rocks to obtain samples for metallurgical testing and to verify the position of the graphite mineralisation and its grade near surface.

4.5 Petrography and Metallurgy

Mineral Resource tonnes and TGC are key metrics for assessing flake graphite projects; however, these projects also require attributes such as product flake size and product purity to be evaluated to allow consideration of potential product specifications (Scogings, 2014; Scogings et al., 2017). This is because flake size distribution and carbon content are parameters that drive the value in a graphite project, with the larger and higher purity flakes >150 µm typically being more valuable. However, it is noted that a range of flake sizes is preferable to supply across the main markets. Flake graphite is defined primarily according to size distribution in the marketplace as shown in Table 6; refer also to Scogings et al. (2015).

Table 6: Examples of flake graphite market terminology related to flake size distribution, as used by Evolution

Sizing	Market terminology – mesh size
>300 µm	+50 mesh
>180 µm	-50 to +80 mesh
>150 µm	-80 to +100 mesh
>75 µm	-100 to +200 mesh

For minerals that are defined by a specification, Clause 49 of The JORC Code 2012 requires industrial Mineral Resources to be reported "*in terms of the mineral or minerals on which the project is to be based and must include the specification of those minerals*".

Clause 49 also states: *"When reporting information and estimates for industrial minerals, the key principles and purpose of the JORC Code apply and should be borne in mind. Assays may not always be relevant, and other quality criteria may be more applicable".*

Thin section petrography, which is a way of examining rock samples using an optical microscope, was used to assist with domaining the Chilalo deposit and to guide the selection of some of the composites for metallurgical testing. Some of the petrographic and metallurgical tests are summarised below**.**

4.6 Petrographic Examination

A total of 32 quarter-core samples from four boreholes in the main deposit were examined petrographically during 2015. The results are summarised below:

- The samples were described as metasediments; essentially graphite sillimanite quartzite or schist with K-feldspar, plagioclase, and some biotite.
- Minerals such as jarosite, opaline silica and goethite have replaced pyrite, marcasite and pyrrhotite to depths of 20–30 m downhole. This mineral assemblage was interpreted to define the Oxidised Zone.
- Weathering/alteration in the high-grade graphite domain results in the breakdown of sillimanite to kaolin, which occurs to depths of approximately 50 m downhole. The occurrence of kaolinised sillimanite and iron-sulphides was interpreted to define the Transitional Zone.
- Two graphite populations were noted, in terms of flake width: (i) thin flakes generally less than about 0.1 mm width and up to about 1 mm in length, in lithologies with between about 2% and 5% TGC; and (ii) flakes up to 1 mm thick and several millimetres in length in rocks with more than about 5% graphite.
- Graphite in the High-Grade Zone (>5% graphite) consists of three populations: (i) the main population of coarse millimetre-length flakes without much contamination; (ii) small graphite flakes complexly

interlayered with kaolin; and (iii) a minor population occurring as fines in feldspar and quartz porphyroblasts.

- Kaolinite frequently penetrates the graphite along cleavages, particularly in the Oxidised Zone.

The 2017 Mineral Resource estimate (MRE) report included petrographic examination of 24 RC chip samples from three holes in the high-grade domain of the North East Mineral Resource zone and one hole from the southwest extension to the main Chilalo deposit. CSA Global noted that RC chip samples are not expected to be as representative as diamond core samples, given that the RC chips exclude fine powders generated by the RCP method.

Graphite flakes observed in situ from the High-Grade Zone of the North East deposit were concluded to be visually like in situ flakes observed from the Chilalo Main deposit in terms of shape, size, and textural relationships. This suggested that the high-grade part of the North East deposit should have similar metallurgical process response to the Central deposit.

As reported by Townend (2019a and 2019b), representative composite –3.35 mm quotients received from the metallurgy laboratory were mounted and polished (Figure 10). Each slide was analysed by petrographic microscopy, using a Leica image analysis program. Between 250 and 300 flakes were measured and length/breadth/area dimensions calculated and classified into six size ranges (Table 7 and Table 8).

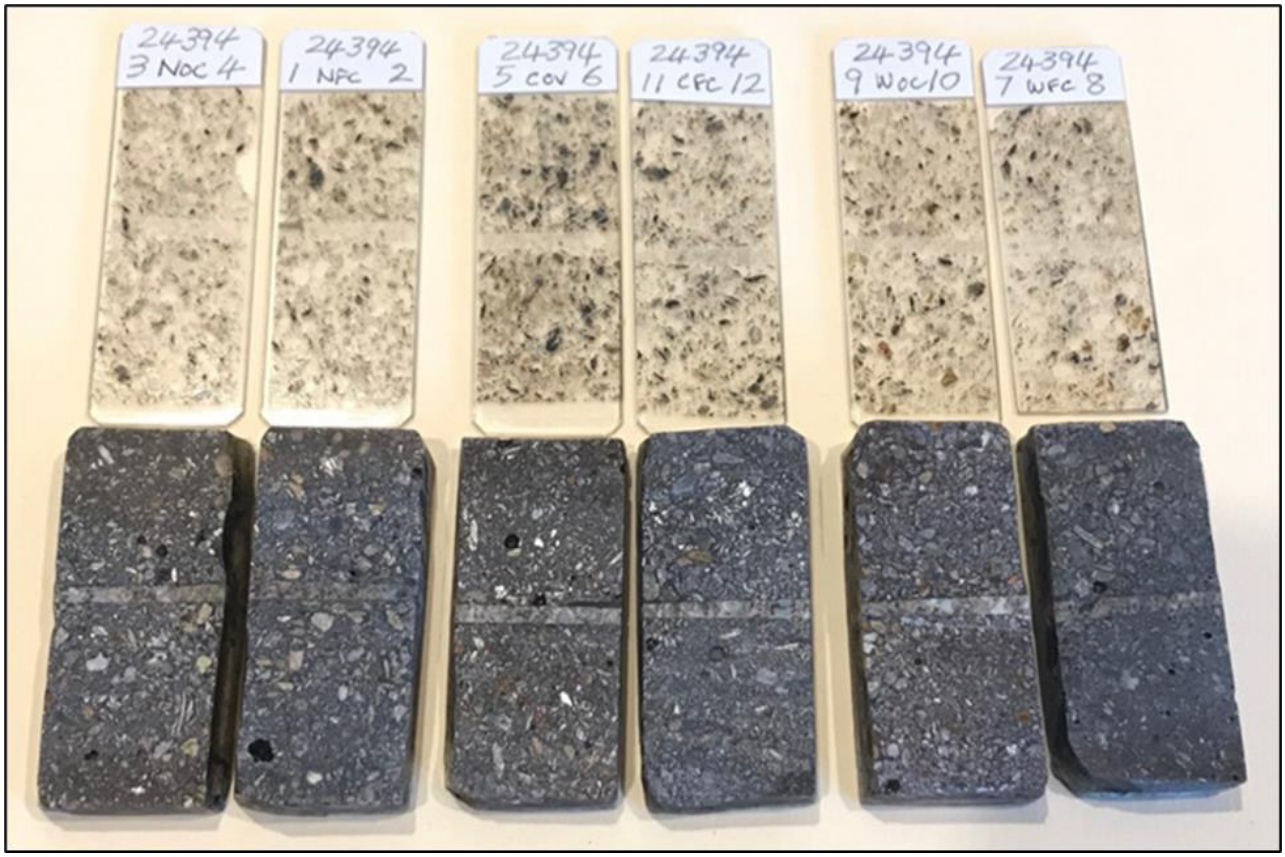

Figure 10: Variability composites prepared for thin section manufacture, and final thin sections

Table 7: In situ flake length distribution counted in variability composite thin sections

Sample ID	>850 (%)	500–850 (%)	300–500 (%)	180–300 (%)	150–180 (%)	<150 (%)
North Fresh	42.5	29.4	15.8	6.6	2.4	3.3
North Oxide	47.5	27.3	12.4	6.5	1.4	5.0
Central Fresh	52.6	28.1	9.7	6.0	1.5	2.1
Central Oxide	44.1	27.3	13.6	9.5	1.8	3.7
West Fresh	36.3	24.4	22.7	11.1	1.6	4.0
West Oxide	41.1	26.8	19.7	9.0	1.2	2.2

Table 8: In situ flake length distribution counted in polished sections from individual samples

Sample ID	>850(%)	500–850 (%)	300–500 (%)	180–300 (%)	150–180 (%)	<150 (%)
NRD18-102 – 32	27.0	31.6	21.7	12.3	3.0	4.5
NRD18-102 – 63	21.5	34.6	20.5	15.5	2.9	5.1
NRD18-102 – 66	24.6	27.7	21.0	15.2	4.0	7.6
NRD18-100 – 42	26.9	26.9	24.1	14.8	2.7	4.8
NRD18-100 – 43	32.4	22.1	20.7	15.7	3.4	5.9
NRD18-100 – 45	25.9	28.9	21.6	16.5	2.3	4.8
MET Bag 31	23.1	31.2	19.2	15.2	3.9	7.6
MET Bag 40	44.2	23.4	18.6	9.1	1.3	3.5
Bag 43	30.6	27.9	21.0	13.1	2.5	5.2
Bag 46	55.9	19.4	12.0	6.4	1.9	4.6
Bag 48	49.8	23.2	14.5	8.3	1.9	2.4
Trench Comp	32.4	25.6	20.4	13.2	2.7	5.9

Overall, the graphite flake populations consist of a dominant medium to fine flake size, with a limited number of coarse flakes. CSA Global examined Townend Mineralogy's image analysis data and some of the thin sections and noted that:

- Thin section examination verifies that some large flakes more than several millimetres in length were liberated at the grind size of 3.35 mm (Figure 11)
- Several of the Oxide and Transitional samples show extensive splitting of graphite flakes when in contact with clay minerals (Figure 11)
- The thin sections have a higher proportion of large flakes than seen in the metallurgical concentrates; however, this is not unexpected due to the comminution required to liberate flakes from gangue minerals.

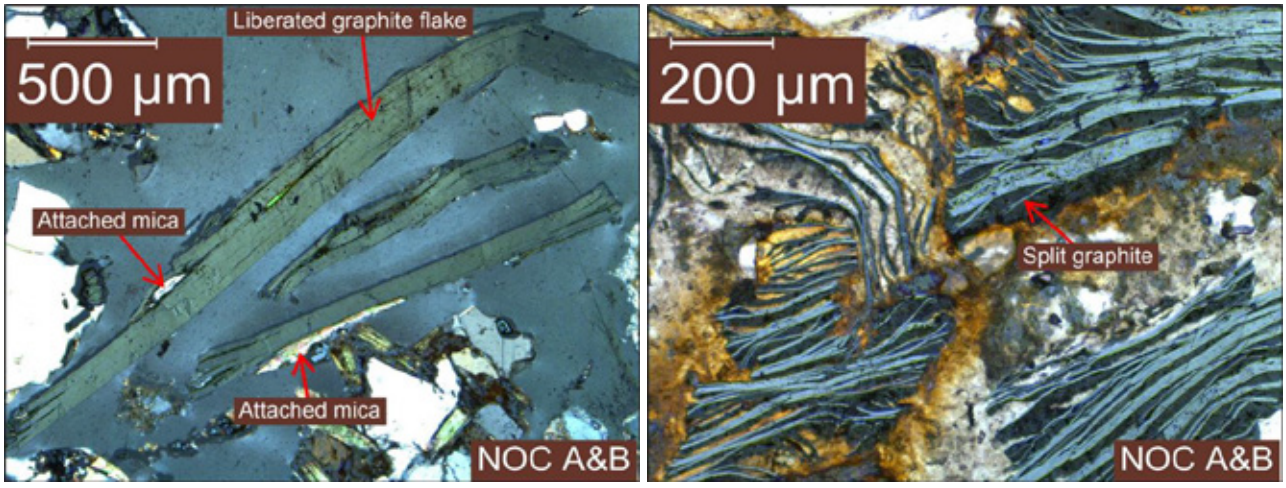

Figure 11: Photomicrographs of thin sections of North Oxide composite
Left – large flake almost completely liberated. Right – split flakes in contact with clay minerals.

4.7 Weathering Domains

The graphite and waste rocks are weathered to varying depths across the Chilalo deposit and have been classified as Oxidised, Transitional or Fresh zones. Examples of graphitic mineralisation in different states of weathering are shown in Figure 12 to Figure 14.

Figure 12: Oxidised Zone graphite mineralisation in NRD18-092 15.24 m to 17.8 m

Figure 13: Transition Zone graphite mineralisation in NRD18-091 from 23.1 m to 25.5 m

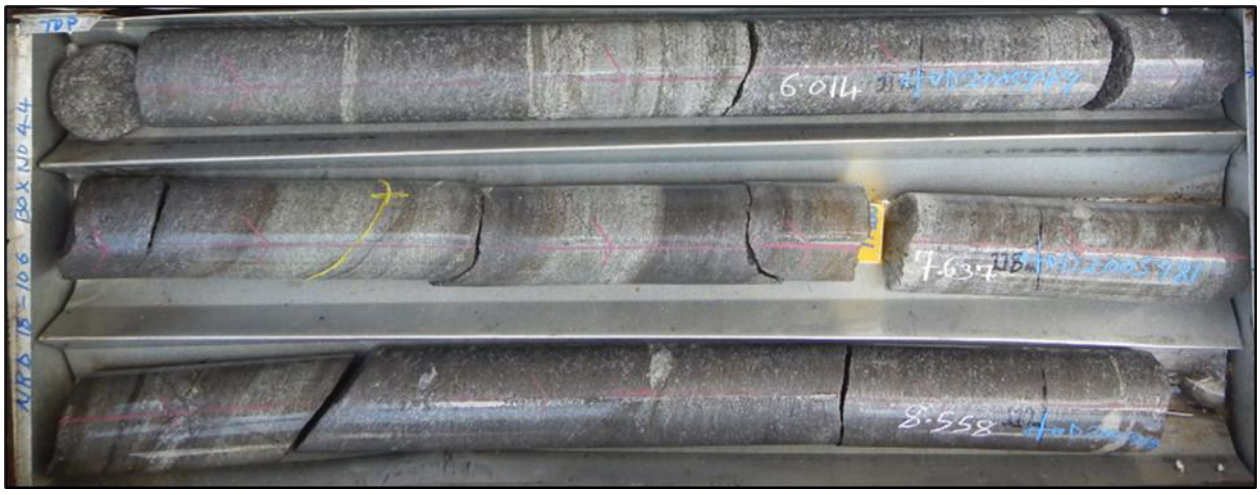

Figure 14: Fresh Zone graphite mineralisation in NRD18-106 from 116.3 to 119.1 m

The oxidised domain is characterised by the oxidation of sulphide minerals, notably pyrrhotite, and by the formation of secondary sulphate minerals such as jarosite. The oxidised zone is also characterised by the breakdown of silicate minerals (e.g. feldspars to form kaolinite and other hydrous clays); these minerals have a higher volume that the original feldspar and are often noted to split open the ends of graphite flakes.

The transitional domain is characterised by mixed fresh (unoxidised) and oxidised material, while the fresh domain contains only unoxidised rocks. It was expected that each weathering domain would have different

processing characteristics and the initial metallurgical studies in 2015 to 2017 investigated each of the three domains separately. The testwork during 2019 tested (i) oxide separately and (ii) transition and fresh combined.

CSA Global notes that graphite deposits may be weathered or oxidised to various depths depending on local topographic and climatic conditions, and that this overprint may impact on process characteristics and final product quality. CSA Global concludes that the petrographic study was a useful tool for interpreting weathering and grade domains across the Chilalo deposit.

4.1 Metallurgy Tests

The Chilalo deposit has been subject to various metallurgical testwork programs since the initial drill programs were carried out in the last quarter of 2014 to generate samples for metallurgical testwork. From the initial drill programs, sampling and compositing was undertaken to generate representative samples to assess the amenability of the mineralisation to beneficiation by froth flotation and to identify the nature, flake size and occurrence of the graphite in a selection of drill core samples and flotation products. This testwork program was completed by SGS (Perth) and managed by BatteryLimits with the results supporting the process design and engineering for the 2015 PFS.

Further programs of work were initiated in 2016 and 2017 on samples generated since the PFS was completed, aimed at producing bulk concentrate samples for marketing and additional preliminary testing of oxide mineralisation. In addition, during 2016 a testwork program was undertaken by Suzhou with a focus to produce coarse flake graphite with grades greater than 85% TGC. During 2018 a further series of tests were undertaken to further optimise coarse flake size recovery.

In 2018–2019, a new drill program was undertaken to complete a DFS level testwork program and included additional variability sample from new areas of the expanded resource and a further 40-tonne bulk sample was taken from a series of trenches within the main central zone of the deposit.

For graphite, the key quality aspects are generally considered to be flake size and graphitic carbon content (purity) of a concentrate product. In addition, there are certain quality or performance aspects important for different end users (e.g., moisture, ash content, peak oxidation temperature, bulk density, expandability, thermal conductivity, electrical conductivity or crystallinity). CSA Global has reviewed test data and notes, for example, that testwork on coarse flake concentrates yielded expandable graphite potentially suitable for flame retardant and graphite foil applications.

Composites were prepared in 2015 at SGS laboratory in Perth from diamond core to form representative fresh and transitional zone mineralisation samples. These were compiled from selected intervals in diamond drill core holes NRD14-067, NRD14-068, NRD14-069, NRD14-070, and NRC14-14D. Testwork was completed on high-grade and low-grade oxide samples from drillhole NRD14-068. The overall graphite recovery achieved ranged from 91.0% to 93.6%.

The initial oxide testwork also indicated that the low-grade composite has a higher proportion of fine (-75 µm) graphite in the final concentrate. A series of 14 kg batch tests of fresh and transition composites were undertaken to produce larger amounts of concentrate samples for marketing (Hearse and Pass, 2015). The batch tests were ground to P95 710 µm, followed by rougher flotation and five stages of regrind and cleaning. Graphite concentrate grades of TGC >96% were achieved for flakes >75 µm (Table 9).

Table 9: Bulk marketing samples: final concentrate grades for the Chilalo Project

Flake size (descriptive)	Sieve size (µm)	Mesh	Fresh	
			Bulk sample test GK 34	
			Mass (%)	Assay TGC (%)
Jumbo	300–500	50	8.7	97.5
Large	180–300	+80 -50	26.5	97.8
Medium	150–180	+100 -80	12.5	96.5
Small	75–150	+200 -100	27.2	96.1
Fines	–75	-200	25.0	92.5

Global composite and variability composites made up from 2018 drill core samples were submitted to ALS Laboratory, Perth, for metallurgical process tests during 2019.

The metallurgical composites were grouped according to weathering domains; (i) Oxide and (ii) Transitional and Fresh samples which were combined and described as Fresh. Two global composites were made from across the deposit, described as Global Oxide (three drillholes) and Global Fresh (nine drillholes) from the West, North and Central part of the deposit. See locations in Figure 15.

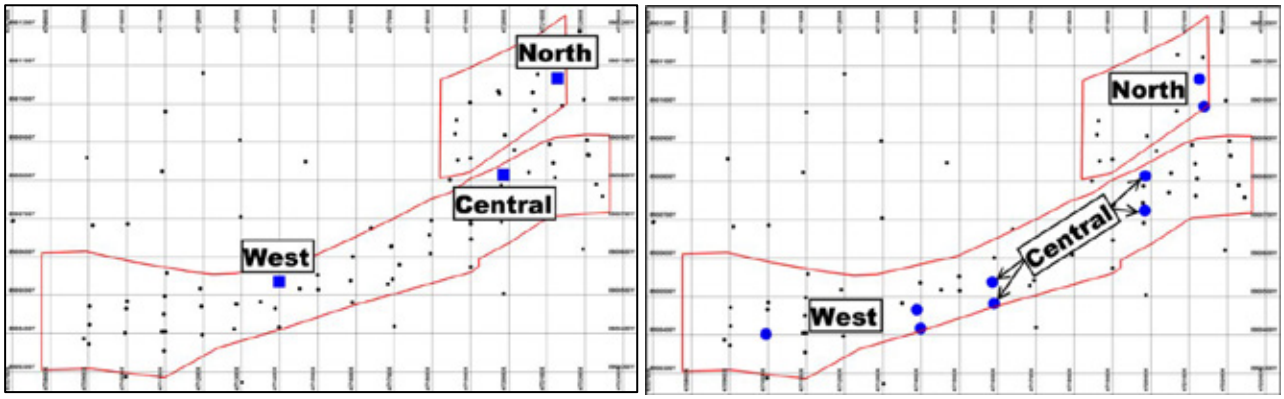

Figure 15: Location of drill collars for oxide (L) and fresh (R) global composites
Red outline shows the approximate extent of modelled graphite mineralisation in 2017

Six variability composites were made from across the deposit, described as North Oxide (one drillhole); North Fresh (three drillholes); Central Oxide (one drillholes); Central Fresh (four drillholes); West Oxide (three drillholes) and West Fresh (five drillholes). See locations in Figure 16.

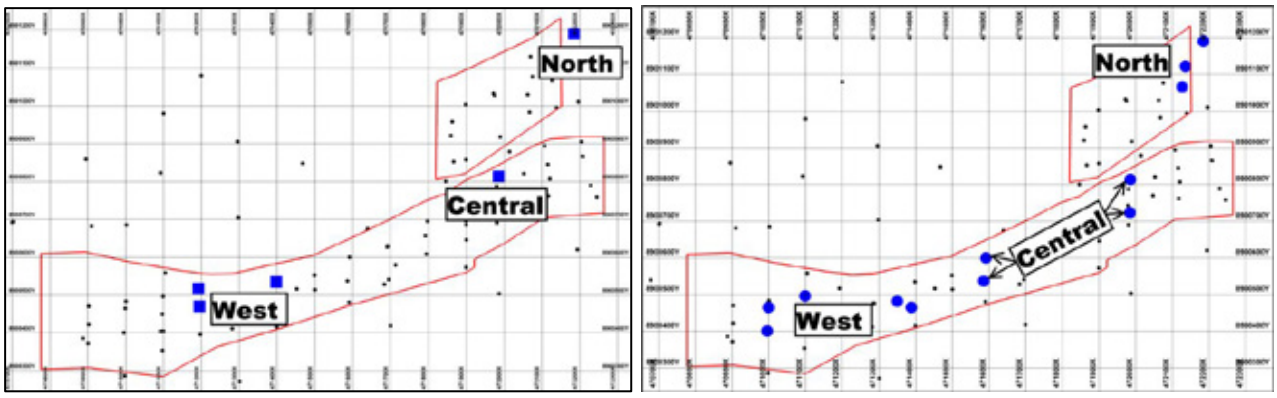

Figure 16: Location of drill collars for oxide(L) and fresh (R) variability composites

Head grades of the composites ranged between ~8% and 14% TGC. Sulphur values in the head samples were generally low compared with graphite contents and ranged from 0.06% to 0.48% total sulphur in the oxide composites to 1.54% to 2.26% total sulphur in the fresh composites (Table 10 and Table 11). Sulphide sulphur content in oxide samples is low, as most sulphur in oxidised material is in the form of minerals such as jarosite.

Flotation testwork of the composites which were initially stage ground to P100 1.4 mm, and using flash rougher flotation, screening and five stages of cleaning (Figure 17) produced final graphite concentrates above target grade TGC >94% and 90–98% graphite recovery.

A favourable coarse particle size distribution (PSD) was maintained (≈50% to 60% >180 µm flake size). Refer Table 12 to Table 16 for individual composites and Table 17 to Table 18 for summary statistics of the variability composite size ranges.

A pilot plant campaign processed approximately 27 t of a bulk sample from the Chilalo graphite deposit in Tanzania. The bulk sample consisted of trench material that was collected from the central zone using a backhoe, at 2–3 m below surface. Overall, the SGS pilot plant and laboratory flotation results with respect to coarse graphite recovery for this trench sample are reasonably aligned (Table 18).

Table 10: Head grades of global composites – selected major elements, sulphur and TGC

Analytes	Oxide Master Composite (%)	Fresh Master Composite (%)
Al	5.24	4.72
Ca	1.30	1.20
Fe	4.60	3.50
K	0.80	1.00
Na	1.28	0.84
SiO_2	59.00	63.20
Total sulphur	0.42	2.00
Sulphide sulphur	0.10	1.58
TGC	8.07	11.9

Table 11: Head grades of variability composites – selected major elements, sulphur and TGC

Analytes	North Oxide (%)	West Oxide (%)	Central Oxide (%)	North Fresh (%)	West Fresh (%)	Central Fresh (%)	Met18 01_02 (%)
Al	5.31	5.31	3.84	4.73	5.16	4.18	3.96
Ca	0.78	0.78	0.12	1.16	1.64	1.00	0.90
Fe	3.24	3.52	3.93	3.37	3.59	3.35	2.84
K	0.98	1.12	0.66	0.99	1.25	0.99	0.80
Na	0.90	0.62	1.16	1.10	0.90	0.53	0.66
SiO_2	61.20	60.00	57.60	58.60	63.60	63.40	66.00
Total sulphur	0.06	0.34	0.48	1.54	2.26	1.98	2.04
Sulphide sulphur	0.02	0.24	0.02	1.02	1.46	1.46	1.58
TGC	8.49	7.77	13.6	8.70	8.43	12.2	12.9

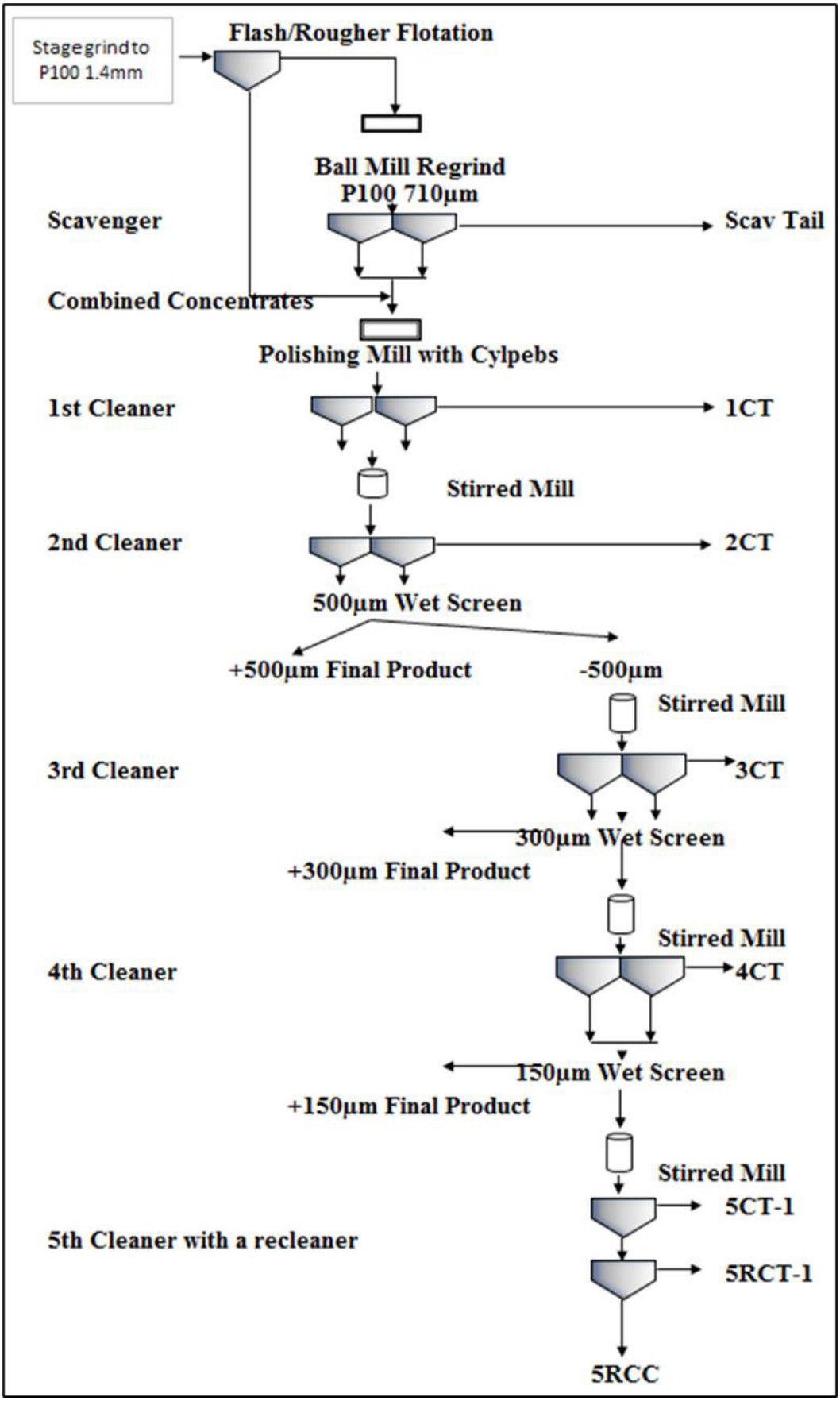

Figure 17: Final bench-scale optimised flowsheet

Table 12: Final metallurgical results for Global Oxide and Global Fresh concentrates

Flake size	Sieve size (µm)	Global Fresh			Global Oxide		
		Head TGC (%) 8.49			Head TGC (%) 8.70		
		Mass (%)	Cumulative mass (%)	TGC (%)	Mass (%)	Cumulative mass (%)	TGC (%)
Super Jumbo	>850	0.8	0.8	96	0.9	0.9	95
Large Jumbo	500–850	7.1	7.9	94.7	7.7	8.6	95
Jumbo	300–500	18.7	26.6	94.7	19.2	27.8	96
Large	180–300	20.2	46.8	94.8	25	52.8	95.6
Medium	150–180	10.5	57.3	95.7	7.2	60	93.9
Fines	106–150	14.9	72.2	95.2	15.4	75.4	95.4
	75–106	9.4	81.6	95.2	11.2	86.6	94.5
	38–75	11	92.6	94.4	11.1	97.7	94
	<38	7.4	100	92.5	2.3	100	94.7
Overall concentrate grade (% TGC)				**94.8**			**95.1**
Overall concentrate recovery (% TGC)				**98**			**94.3**

Table 13: Final metallurgical results for North Oxide and North Fresh variability concentrates

Flake size	Sieve size (µm)	North Oxide			North Fresh		
		Head TGC (%) 8.49			Head TGC (%) 8.70		
		Mass (%)	Cumulative mass (%)	TGC (%)	Mass (%)	Cumulative mass (%)	TGC (%)
Super Jumbo	>850	2.7	2.7	97.8	0.6	0.6	96.3
Large Jumbo	500–850	12.9	15.6	96.7	8.8	9.4	96.3
Jumbo	300–500	20.3	35.9	96.6	18	27.4	96.1
Large	180–300	20.9	56.8	97.6	23.5	50.9	98.1
Medium	150–180	4.9	61.7	97	5.6	56.5	98
Fines	106–150	12.7	74.4	97.3	14.4	70.9	98
	75–106	8.5	82.9	96.9	9.9	80.8	97.8
	38–75	12.1	95	95.9	13	93.8	97.3
	<38	5	100	96.3	6.2	100	96.3
Overall concentrate grade (% TGC)				**96.9**			**97.3**
Overall concentrate recovery (% TGC)				**90.3**			**96.1**

Table 14: Final metallurgical results for Central Oxide and Central Fresh variability concentrates

Flake size	Sieve size (µm)	Central Oxide			Central Fresh		
		Head TGC (%) 13.6			Head TGC (%) 12.2		
		Mass (%)	Cumulative mass (%)	TGC (%)	Mass (%)	Cumulative mass (%)	TGC (%)
Super Jumbo	>850	0	0	0	0.6	0.6	96.6
Large Jumbo	500–850	5.1	5.1	95.2	10.8	11.4	94
Jumbo	300–500	28.3	33.4	95.1	20.7	32.1	94.2
Large	180–300	30.7	64.1	95.7	27.7	59.8	94.7
Medium	150–180	8.5	72.6	95.4	6.1	65.9	95
Fines	106–150	10.6	83.2	94.7	11	76.9	94.7
	75–106	7.7	90.9	93.2	10.2	87.1	94.3
	38–75	5.9	96.8	93.3	8.7	95.8	93.6
	<38	3.3	100.1	91.1	4.3	100.1	92.1
Overall concentrate grade (% TGC)				**94.9**			**94.3**
Overall concentrate recovery (% TGC)				**91.8**			**97.5**

Table 15: Final metallurgical results for West Oxide and West Fresh variability concentrates

Flake size	Sieve size (µm)	West Oxide			West Fresh		
		Head TGC (%) 8.49			Head TGC (%) 8.70		
		Mass (%)	Cumulative mass (%)	TGC (%)	Mass (%)	Cumulative mass (%)	TGC (%)
Super Jumbo	>850	0.7	0.7	94.1	1.2	1.2	96.9
Large Jumbo	500–850	7	7.7	95	9.6	10.8	95.3
Jumbo	300–500	18.1	25.8	95.4	19.9	30.7	93.1
Large	180–300	27.5	53.3	95	27.2	57.9	95
Medium	150–180	9.5	62.8	95	6.3	64.2	96.2
Fines	106–150	11.4	74.2	94.5	11.4	75.6	95.6
	75–106	10.4	84.6	93.7	12.7	88.3	94.8
	38–75	8.2	92.8	92.9	8.1	96.4	93.5
	<38	7.2	100	93.6	3.8	100.2	90.5
Overall concentrate grade (% TGC)				**94.6**			**94.5**
Overall concentrate recovery (% TGC)				**94.5**			**96.1**

Table 16: Final metallurgical results for Central Metallurgy concentrates (Met holes 1 and 2)

Flake size	Sieve size (µm)	Central Metallurgy		
		Head TGC (%) 8.49		
		Mass (%)	Cumulative mass (%)	TGC (%)
Super Jumbo	>850	0.9	0.9	96.0
Large Jumbo	500–850	9.5	10.4	93.2
Jumbo	300–500	18.8	29.2	93.7
Large	180–300	24.1	53.3	94.4
Medium	150–180	7.1	60.4	93.9
Fines	106–150	39.6	100.0	93.4
Overall concentrate grade (% TGC)				**93.7**
Overall concentrate recovery (% TGC)				**93.4**

Table 17: Summary flake size distribution statistics for variability composites

Sieve (µm)	>850	500–850	300–500	180–300	150–180	106–150	75–106	38–75	<38
Mean	1.0	9.0	20.9	26.3	6.8	11.9	9.9	9.3	5.0
Minimum	0.0	5.1	18.0	20.9	4.9	10.6	7.7	5.9	3.3
Maximum	2.7	12.9	28.3	30.7	9.5	14.4	12.7	13.0	7.2
Count	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0

Table 18: Variability testwork – flake size distribution weighted by contribution to life of mine feed to plant

Mesh size	Microns	North oxide	North fresh	Central oxide	Central fresh	West oxide	West fresh	Weighted average
		2%	7%	9%	62%	5%	15%	100%
+20	>850	2.7	0.6		0.6	0.7	1.2	0.7
+32	500-850	12.9	8.8	5.1	10.8	7.0	9.6	9.8
+50	300-500	20.3	18.0	28.3	20.7	18.1	19.9	20.6
+80	180-300	20.9	23.5	30.7	27.7	27.5	27.2	26.9
+100	150-180	4.9	5.6	8.5	6.1	6.3	6.3	6.3
-100	<150	38.3	43.4	27.4	34.1	35.9	35.9	35.8

Table 19: SGS Lakefield pilot plant and lab-scale results for trench sample

µm	Lab test (mass %)	Pilot Plant test (mass%)
+500	14.5	16.3
+300	21.8	24.0
+150	29.2	18.9
-150	34.5	40.8
	100	**100**

4.2 Summary

The 2015–2017 testwork program on drill core samples demonstrated that the Chilalo mineralisation is amenable to the production of high-grade graphite concentrates, at coarse flake sizes, using relatively simple flotation processes. Flotation testwork of the 2019 composites which were initially stage ground to P100 1.4 mm, and using flash rougher flotation, screening and five stages of cleaning produced final graphite concentrates above target grade TGC >94% and 90–98% graphite recovery. A favourable coarse PSD was maintained (~50% to 60% >180 µm flake size).

CSA Global is of the opinion that petrographic and extractive metallurgical data support the classification of the Chilalo deposit as an Industrial Mineral Resource in terms of the JORC Code Clause 49.

5 Mineral Resources

5.1 Mineral Resource ASX Listing Rule 5.8.1 Summary

Table 20 presents a fair and balanced representation of the information contained within the full MRE report.

Table 20: Mineral Resource ASX Listing Rule 5.8.1 summary

ASX Listing Rule 5.8.1 criteria	Material summary – Chilalo
Geology and geological interpretation	The Chilalo mineralisation occurs as graphite flakes disseminated in moderately dipping layers, within a sequence of predominantly felsic gneisses that were regionally metamorphosed to amphibolite/granulite grade (moderate to high metamorphic temperatures). Weathering surfaces were modelled for "base of complete oxidation" and "top of fresh rock". Sulphur contents were used to help define weathering domains, as sulphur is usually depleted during the weathering process. In the Chilalo Main deposit the core high-grade mineralisation (>5% TGC) interpretation consists of two lenses. The main footwall lens strikes towards 250°, dipping roughly 50° towards 160°, with a strike length of roughly 1.1 km from the northeast towards the southwest, and a further strike length of roughly 500 m, after a strike change to 250° at about 471280 m E with a dip roughly 40° towards 180°. The average interpreted depth is approximately 200 m below surface and the true thickness is approximately 25 m for the eastern half and 10 m for the western half.
Sampling and subsampling techniques	Quality of drilling/sampling and analysis, as assessed by the Competent Person, is of an acceptable standard for use in a MRE publicly reported in accordance with the JORC Code. Pre-2018 drilling programs: RC drilling was used to collect 1 m downhole samples for the laboratory analysis. Typically, a 1–2 kg sample was collected using a cone splitter or during 2016 drilling, a representative 1/8 sample was collected using a three-tier riffle splitter. Samples were composited to 2 m numbered and bagged before dispatch to the laboratory and sent for combustion infrared detection (LECO) analyses. All RC samples were submitted for analysis. HQ diamond core was geologically logged and sampled to corresponding 2 m composite RC intervals when twinning an RC hole, otherwise sampling was to geological contacts with nominal sample lengths between 0.25 m and 1.5 m. HQ quarter-core samples were collected by diamond blade rock saw, numbered and bagged before dispatch to the laboratory and sent for LECO analyses. All core samples were submitted for analysis. 2018 drilling program: Samples were collected on 1 m basis within the same zone (i.e. within HG, LG and WASTE). When there is a change in zone, samples were collected based on the lithological boundaries of mineralisation, with minimum sample length of 0.5 m and maximum length of 1.5 m and sent for LECO analyses graphitic carbon and sulphur content. All resource holes cores were submitted for analysis. For the pit geotechnical and tailings storage facility (TSF) sterilisation holes, the mineralised zones were selected and submitted for assaying. Control samples (blanks, field duplicates and commercial standards) are inserted into the sample stream every 20th sample (one standard, one blank, one site duplicate) or not less than 5% of all collected samples for each control sample. Additionally, one standard, one blank and one site duplicate will be inserted for every 20 m of mineralisation intersected.
Drilling techniques	Samples were obtained from RCP and diamond core drilling. A total of 2,312 m of diamond core from 50 holes and 1,305 m of RC sampling from 30 holes lie within the interpreted mineralisation zones. The Chilalo deposit has been sampled using RC and diamond core drilling over several drilling campaigns, with initial drilling completed on a nominal 200 m x 200 m grid. Subsequent infill drilling programs have sequentially reduced the grid spacing to a nominal 50 m drill spacing on drill section lines nominally 100 m apart along strike. Six geotechnical drillholes have been completed between 200 m and 400 m apart, designed to provide information on the stability of the pit walls. Metallurgical drilling (two holes) was aimed at collecting enough mineralised material for metallurgical testwork. One of the metallurgy holes was drilled down dip the main high-grade mineralisation zone and the second one was drilled vertical at about section 472,000 m E.

ASX Listing Rule 5.8.1 criteria	Material summary – Chilalo
The criteria used for classification, including drill and data spacing and distribution – this includes separately identifying the drill spacing used to classify each category of Mineral Resources (Inferred, Indicated and Measured) where estimates for more than one category of Mineral Resource are reported	The Mineral Resource was classified as Indicated and Inferred considering the level of geological understanding of the deposit, surface mapping, geophysical information, quality of samples, density data, drillhole spacing, sampling and assaying processes, and the success of infill drilling programs in confirming the geological interpretation and continuity of mineralized horizons. The estimate was classified as Indicated and Inferred based on surface mapping, geophysical information, drillhole sample analytical results, drillhole logging, and measured density values. The drill spacing was sufficient to allow the geology and mineralisation zones to be modelled into coherent wireframes for each domain. Reasonable consistency was evident in the orientations, thickness, and grades of the mineralised zones. It is not appropriate to quote any single drill spacing for classification as this was not the sole nor primary classification criteria. Those parts of the Main deposit classified as an Indicated Mineral Resource are roughly 1,400 m along strike, between about 130 m and 230 m down-dip depth (or up to about 160 m below surface) and about 10–30 m in true thickness. The part of the North East deposit classified as an Indicated Mineral Resource is on average roughly 170 m along strike, extending to about 180 m down-dip depth (or up to about 140 m below surface) and is between about 10 m and 25 m in true thickness. The Mineral Resource is classified as Indicated for those volumes where in the Competent Person's opinion there is adequately detailed and reliable, geological and sampling evidence, metallurgical testing result data and supported by geophysical EM modelling data, which are **sufficient to assume geological, mineralisation and quality continuity**. The Mineral Resource is classified as Inferred where the model volumes are, in the Competent Person's opinion, considered to have more limited geological and sampling evidence, metallurgical testing result data and supported by geophysical EM modelling data, which are **sufficient to imply but not verify geological, mineralisation and quality continuity**. The MRE appropriately reflects the view of the Competent Person.
Sample analysis method	Graphitic carbon was analysed at laboratories in Australia using a LECO analyser to determine TGC. Most samples were also analysed to determine total sulphur. The analytical techniques are considered appropriate for the style of mineralisation. Quality of assay data is considered adequate to support the MRE.
Estimation methodology	The mineralisation wireframes were modelled by joining polygons based upon geological knowledge of the deposit, derived from drillhole logs and assay results, surface mapping and DLEM and FLEM modelling results. Two weathering profile surfaces representing the base of complete oxidation and top of fresh rock were generated based on drillhole lithological logging information, drill core photography, petrography, and total sulphur assay results. An overburden surface wireframe was generated based on the average overburden depths established from the lithological logs. A topographic surface was generated from surveyed drill collar locations, surveyed track point spot heights and the surveyed spot height grid. A block model was constructed using Datamine Studio software with a parent cell size of 25 m(E) x 10 m(N) x 5 m(RL). Drillhole sample analytical results were subjected to detailed statistical and spatial (variography) analysis. Composited sample grades for TGC were interpolated into the block model using ordinary kriging with an inverse distance to the power of two weighting check estimate completed for validation purposes. Density values were assigned to the block model based on analysis of measurements taken in the three weathering state domains. Density values were assigned to the block model based on analysis of measurements taken in the three weathering state domains. The model was validated visually, graphically, and statistically.
Cut-off grade(s), including the basis for the selected cut-off grade(s)	The Mineral Resources were estimated within constraining wireframe solids using nominal lower cut-off grades of 5% TGC and 2% TGC. The 5% TGC cut-off ("high-grade zone") interpretations lie inside the 2% TGC cut-off ("low-grade zone") envelopes. The >5% TGC lenses correspond reasonably well with the massive to semi-massive graphite lithotype modelling. The >2% TGC lenses correspond reasonably well with the graphitic gneiss lithotype modelling.

ASX Listing Rule 5.8.1 criteria	Material summary – Chilalo
Mining and metallurgical methods and parameters, and other material modifying factors considered to date	Flotation testwork of the 2019 composites produced final graphite concentrates above the target grade of TGC >94% and 90–98% graphite recovery. A favourable coarse particle size distribution was maintained (~50% to 60% >180 µm flake size). The likelihood of eventual economic extraction was considered in terms of possible open pit mining, likely product specifications, possible product marketability and potentially favourable logistics to port and it is concluded that Chilalo is an industrial Mineral Resource in terms of JORC Code Clause 49.

5.2 Mineral Resource Statement

The maiden Chilalo MRE was completed by CSA Global in May 2015 and followed by updates in October 2015, February 2017, and August 2019. The current MRE was reported in August 2019 and was also included in the DFS announced in January 2020 (Graphex, 2020). The MRE is summarised in Table 21, and the JORC Code Table 1 is provided in Appendix A.

Table 21: MRE for Chilalo deposits of the Chilalo Graphite Project

Domain	JORC classification	Deposit	Tonnage (Mt)	TGC (%)	Contained graphite (kt)
High Grade	Indicated	Main	9.2	10.6	982
		North East	1.0	9.5	100
		All	**10.3**	**10.5**	**1,082**
	Inferred	Main	7.4	9.5	704
		North East	2.3	8.8	205
		All	**9.8**	**9.3**	**908**
High Grade Total	**Indicated + Inferred**	**All**	**20.1**	**9.9**	**1,991**
Low Grade	Inferred	Main	37.8	3.4	1,282
		North East	9.5	4.1	394
Low Grade Total		**All**	**47.3**	**3.5**	**1,677**
HIGH GRADE + LOW GRADE TOTAL	**Indicated + Inferred**	**Main + North East**	**67.3**	**5.4**	**3,667**

Note: The Mineral Resource was estimated within constraining wireframe solids using core high-grade domains defined above a nominal 5% TGC cut-off within surrounding low-grade zones defined above a nominal 2% TGC cut-off. The Mineral Resource is reported for blocks above a lower cut-off grade of 2% TGC. Differences may occur due to rounding.

The information in this Report that relates to in situ Mineral Resources for Chilalo is based on information compiled by Mr Grant Louw, under the direction and supervision of Dr Andrew Scogings. Mr Louw was a full-time employee of CSA Global and Dr Scogings was an Associate of CSA Global at the time of the Mineral Resource estimation. Dr Scogings takes overall responsibility for the report. Dr Scogings is a Member of both the AIG and AusIMM and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code, 2012 Edition). Dr Scogings consents to the inclusion of such information in this Report in the form and context in which it appears.

5.3 Grade-Tonnage Table

A grade-tonnage table and curves for the classified Mineral Resource are presented in Table 22 and Figure 18. The grade-tonnage curve plot illustrates the effect of the two distinct mineralisation domains (>5% TGC and >2% TGC) that are combined in the one plot for all classified material.

Table 22: Grade-tonnage table Chilalo deposits – all classified material

TGC % cut	Volume (m^3)	Mt	TGC %	Density (t/m^3)	Contained graphite (kt)
13	730,000	1,850,000	13.9	2.5	257
12	1,590,000	4,030,000	13.1	2.5	530
11	2,520,000	6,440,000	12.5	2.6	807
10	3,410,000	8,730,000	12.0	2.6	1,048
9	4,770,000	12,260,000	11.3	2.6	1,382
8	6,210,000	16,000,000	10.6	2.6	1,701

TGC % cut	Volume (m³)	Mt	TGC %	Density (t/m³)	Contained graphite (kt)
7	7,460,000	19,210,000	10.1	2.6	1,941
6	8,120,000	20,930,000	9.8	2.6	2,054
5	8,890,000	22,970,000	9.4	2.6	2,165
4	12,150,000	31,670,000	8.0	2.6	2,545
3	20,200,000	53,090,000	6.2	2.6	3,290
2	25,580,000	67,350,000	5.4	2.6	3,667
0	25,580,000	67,350,000	5.4	2.6	3,667

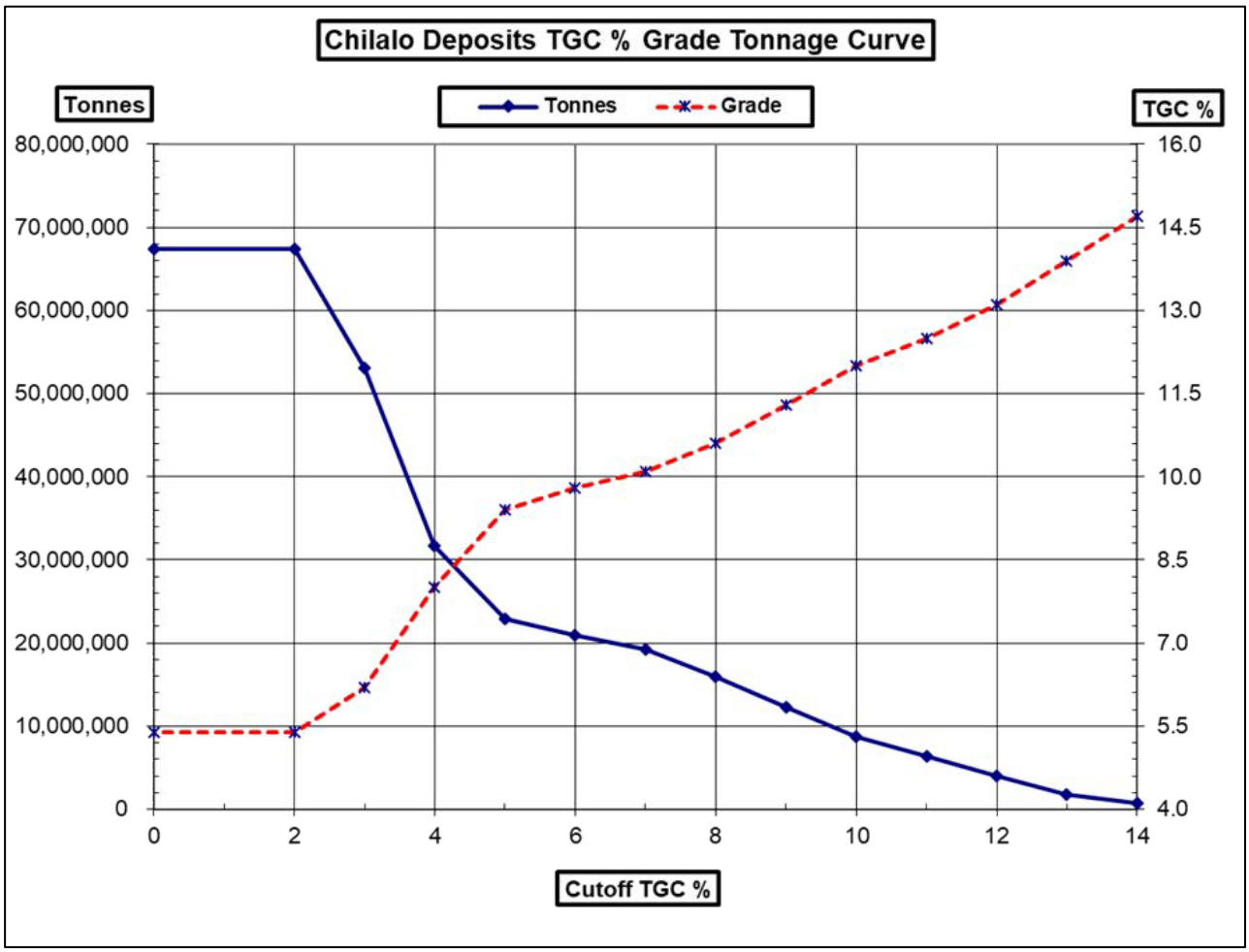

Figure 18: Grade-tonnage curves for the Chilalo deposit – all classified material

5.4 Data

Of the total drilling completed in the broader project area, a total of 30 RC holes for 2,666 m and 50 diamond holes for 5,551.35 m have been drilled and analysed for graphite content directly covering the two modelled deposits. The MRE is based upon the data obtained from the 2,312.08 m of diamond drill core samples and 1,305 m of RC drill chip samples which lie within the interpreted mineralisation solid wireframes.

The drillhole database was validated for missing coordinates, missing downhole surveys, missing intervals, overlapping intervals, intervals exceeding the maximum hole depth and excessive dip and azimuth changes indicating downhole survey errors. Assay quality assurance procedures were reviewed.

No material issues were encountered and CSA Global considers the database to be of acceptable quality for use in Mineral Resource estimation.

5.5 Density

Statistical analysis of 1,143 density measurement results from within the various weathering zones was completed. This analysis showed that the mean density is lowest in the high-grade material, is slightly higher in the low-grade material and is highest in the waste material for each weathering domain (Table 23). This result validated expectations of decreasing density with increasing grade due the density of graphite being lower than silicate gangue minerals, at about 2.1–2.2 t/m^3 compared with around 2.6–2.7 t/m^3 for most common silicate minerals such as quartz and feldspar.

The analysis also demonstrated that mean density decreased with increased weathering, as expected (Table 23). The samples from within the surficial overburden layer have the lowest mean density measured.

Table 23: Summary statistics for density measurements (t/m³)

	Overburden	Oxide			Transitional			Fresh		
		High Grade	Low Grade	Waste	High Grade	Low Grade	Waste	High Grade	Low Grade	Waste
Number	12	27	65	105	113	115	145	108	99	354
Minimum	1.99	2.12	1.85	2.01	2.03	2.14	2.06	2.39	2.58	2.20
Maximum	2.51	2.78	2.76	2.72	2.75	2.88	3.17	3.14	2.90	3.37
Mean	2.18	2.33	2.35	2.38	2.44	2.61	2.70	2.64	2.72	2.77
Median	2.12	2.31	2.36	2.39	2.47	2.63	2.70	2.62	2.73	2.75
SD	0.17	0.13	0.17	0.17	0.13	0.14	0.16	0.13	0.06	0.11
Coefficient of variation	0.08	0.06	0.07	0.07	0.05	0.05	0.06	0.05	0.02	0.04

In CSA Global's opinion, the Chilalo density data is suitable for use in Mineral Resource estimation.

5.6 Mineralisation Modelling

The mineralisation wireframes were modelled using a nominal lower cut-off grade of 5% TGC for the higher-grade core zones and a nominal 2% TGC lower cut-off grade for the lower grade surrounding zones.

The mineralisation wireframes were modelled by joining polygons based upon geological knowledge of the deposit, derived from drillhole logs and assay results, surface mapping and downhole and fixed loop electromagnetic modelling results. Two weathering profile surfaces representing the base of complete oxidation and top of fresh rock were generated based on drillhole lithological logging information, drill core photography, petrography, and total sulphur assay results. An overburden surface wireframe was generated based on the average overburden depths established from the lithological logs. A topographic surface was generated from surveyed drill collar locations, surveyed track point spot heights and the surveyed spot height grid.

A block model was constructed using Datamine Studio software with a parent cell size of 25 m(E) x 10 m(N) x 5 m(RL). Drillhole sample analytical results were subjected to detailed statistical and spatial (variography) analysis. Composited sample grades for TGC were interpolated into the block model using ordinary kriging with an inverse distance to the power of two weighting check estimate completed for validation purposes. Density values were assigned to the block model based on analysis of measurements taken in the three weathering state domains.

5.7 Model Validation

Model validation was carried out visually, graphically and statistically to ensure that the block model grade reasonably represents the drillhole data.

Cross sections, long sections and plan views were initially examined visually to ensure that the model TGC grades honour the local composite drillhole grade trends. These visual validations were carried out along and across each drill section.

Statistical comparison of the mean composited drillhole grades, with the block model and IDS grades is shown in Table 24. The block model was shown to have similar mean grades to the drillholes and IDS estimate, with consideration of volume variance effects.

Table 24: Statistical validation – TGC % drillhole vs IDS block model vs OK block model

Main deposit – TGC%				North East deposit – TGC%			
MINZON	**OK**	**IDS**	**DH**	**MINZON**	**OK**	**IDS**	**DH**
1	10.31	10.46	11.13	101	9.09	9.19	9.20
2	8.43	8.39	8.27	102	8.92	9.13	9.09
11	3.54	3.59	3.55	111	4.01	4.04	4.05
12	3.09	3.04	3.00	112	3.69	3.68	3.85
13	3.53	3.48	3.51	113	3.77	3.63	3.58
14	3.00	2.97	2.98	114	5.67	5.52	5.66
				115	4.05	4.02	3.75
				116	3.39	3.39	3.43

CSA Global notes that the drillhole grades and the Inverse Distance Squared (IDS) check estimate showed similar results to the Ordinary Kriged model and is of the opinion that the grade estimate performed well.

5.8 Mineral Resource Classification

The Chilalo MRE has been classified using guiding principles contained in the JORC Code (2012). Refer to Table 25 for a summary of Mineral Resource classification.

Table 25: Mineral Resource classification summary according to the JORC Code

Criteria	Inferred Resource	Indicated Resource	Measured Resource
Estimates support the application of Modifying Factors	-**must not** be converted to an Ore Reserve. Reasonably expected that the majority of Inferred…could be converted to Indicated…with continued exploration	-supports **mine planning and economic evaluation** of the economic viability of the deposit	-supports **detailed** mine planning and final evaluation of economic viability
Geological and grade (quality) continuity between points	-sufficient to **imply but not verify**	-sufficient to **assume**	-sufficient to **confirm**
Quality of information	-**limited** geological and sampling evidence	-**adequately detailed and reliable** geological and sampling evidence	**Detailed and reliable** geological and sampling evidence

Source: Modified after Coombes (2016)

The Mineral Resource is classified as Indicated for those volumes where in the Competent Person's opinion there is adequately detailed and reliable, geological and sampling evidence, metallurgical testing result data and supported by geophysical EM modelling data, which are **sufficient to assume geological, mineralisation and quality continuity**.

The Mineral Resource is classified as Inferred where the model volumes are, in the Competent Person's opinion, considered to have more limited geological and sampling evidence, metallurgical testing result data and supported by geophysical EM modelling data, which are **sufficient to imply but not verify geological, mineralisation and quality continuity**.

Petrographic and metallurgical data support the classification of the Chilalo deposits of the Chilalo Graphite Project as an Industrial Mineral Resource.

Figure 19 shows a plan view of the block model coloured by classification. The parts of the Main deposit that are classified as an Indicated Mineral Resource are roughly 1,400 m along strike, between about 130 and 230 m down-dip depth (or up to about 160 m below surface) and between about 10–30 m in true thickness. The part of the North East deposit that is classified as an Indicated Mineral Resource is on average roughly

170 m along strike, extending to about 180 m down-dip depth (or up to about 140 m below surface) and is between about 10 m and 25 m in true thickness.

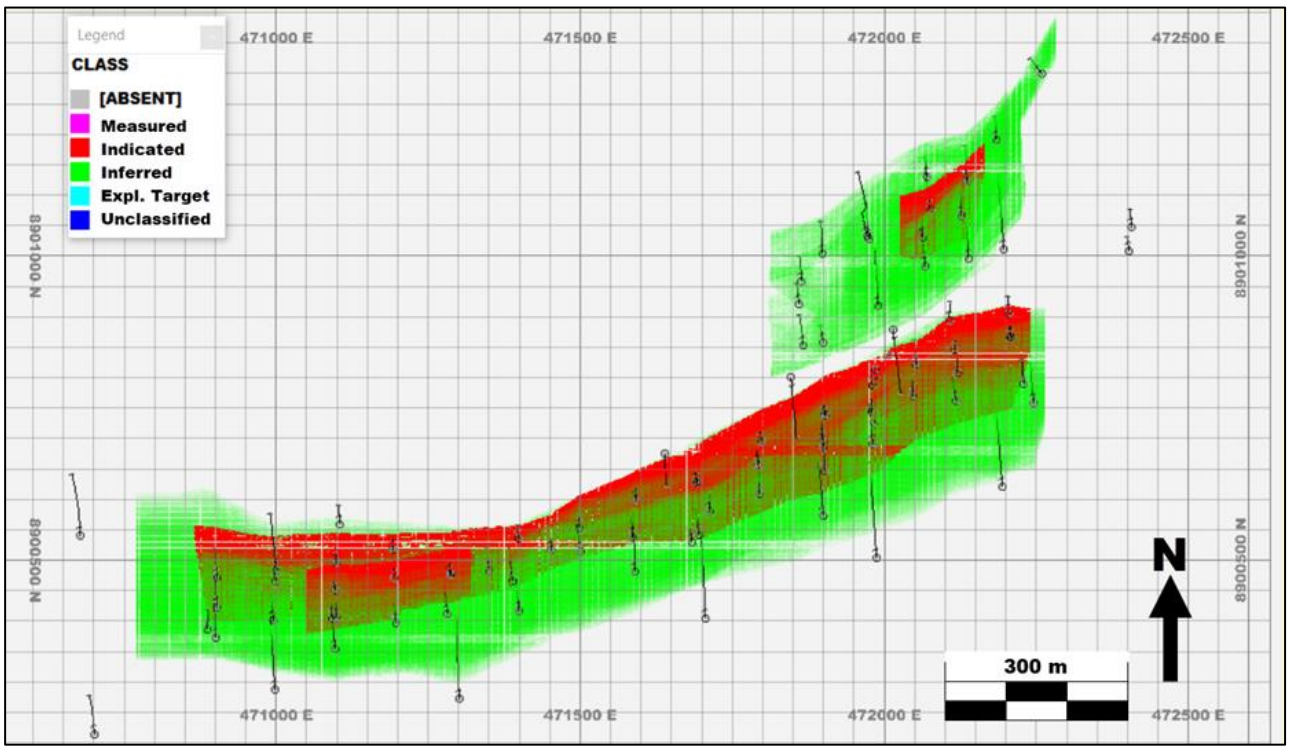

Figure 19: Plan view of classification (red = Indicated, green = Inferred)
Main map grid 500 m x 500 m.

CSA Global has reviewed and verified the work completed for the 2019 MRE and is satisfied that the work completed is appropriately reflected in the classified Mineral Resource.

6 Mining Studies

6.1 Introduction

Graphex requested CSA Global to complete a DFS mining study to align with the DFS for the full Chilalo Project. The report was finalised on 21 January 2020 (CSA Global, 2020) and forms the basis for the following review, in addition to data from the DFS (GRD, 2020).

6.2 Geotechnical Studies

The geotechnical investigations and stability assessment of the pit slopes for the Chilalo Project were completed by Open House Management Solutions (OHMS), an independent consultancy based in South Africa, who provided pit wall batter and berm configurations for each wall orientation within different weathering domains. Table 26 shows the pit geotechnical parameters applied within this mining study.

Table 26: Geotechnical parameters

Input	Unit	Oxide	Trans/Fresh – Southern Slope	Trans/Fresh – Northern Slope
Bearing	°	0-360	75-250	250-75
Level	RL	Surface-180RL	180RL-30RL	180RL-30RL
Vertical depth	m	20	210	210
Batter angle	°	40	80	70
Berm width	m	10.50	4.50	5.25
Bench height	m	10.00	10.00	10.00
Inter-ramp angle	°	24.00	57.90	48.40
Overall angle	°	30.20	54.00	45.40

6.3 Hydrology

AQ2, an independent water resources consultancy based in Perth that provides technical services and develop applied solutions for groundwater and surface water management, was engaged by Graphex to complete a hydrology and hydrogeology study for its Chilalo graphite.

The proposed mine site is in an area of relatively high, but very seasonal rainfall (the wet season runs from the end of November to April) and an area of low groundwater potential in and around the orebody. As a result, groundwater inflow into the open pits is low (<2.5 L/s), but wet season pumping of rainfall and surface water inflow (from localised pit area catchments) will be necessary.

Several designs for surface water management measures, including diversion drains, flood bunding and sediment basins, were completed to prevent flooding and limited mining operations following a large rainfall event. Where possible, clean water will be diverted around mining infrastructure and released to a downstream channel. Water quality concerns due to acid mine drainage, necessitates all water pumped from the open pits or adjacent dewater bores having to be kept on site and not discharged to the environment. The dewatering water will be pumped to the tailings storage facility (TSF) and together with return water from the tailings, will form the main component of the mine water supply.

6.4 Pit Optimisation

Whittle™ software has been used to generate a series of economic pit shells for this deposit using the Mineral Resource block model and input parameters as agreed by Graphex and CSA Global. Input parameters are outlined in Table 27. Inferred Mineral Resource is not considered in the pit optimisation. Positive net block value method is applied to identify the ore. Using the selected parameters, a set of nested pit shells were produced by the Whittle™ optimisation software. The pit shells were used to determine trends in

mineralisation and/or higher-grade areas which offer a best-case scenario for grade and discounted cash flow (DCF).

Table 27: Optimisation input parameters

Input	Unit	Value
Financials		
Currency	US$	$
Discount rate	%	10
Price per tonne of concentrate	$/t of concentrate	1,500
Total royalties	%	4
Transportation cost	$/t of concentrate	143
Mining		
Mining recovery	%	95
Mining dilution	%	10
Minimum mining width	m	20
Minimum cutback width	m	30
Mining cost	$/bcm (variable to haulage profile)	5.22 to 5.42
Fixed mining costs	$/bcm	1.71
Fuel cost	$/bcm	1.12
Paddock dump construction cost	$/t of Waste	0.16
Rehabilitation cost	$/t of waste	0.02
Drill and Blast		
Drill and blast – Oxide material	$/bcm	2.38
Drill and blast – Transitional material	$/bcm	3.10
Drill and blast – Fresh material	$/bcm	3.65
Processing Recoveries		
North Pit – Oxide ore	%	90.3
North Pit – Fresh ore	%	96.1
Central Pit – Oxide ore	%	91.8
Central Pit – Fresh ore	%	97.5
West Pit – Oxide ore	%	94.5
West Pit – Fresh ore	%	96.1
Processing Costs		
Processing costs	$/t of ore	23.5
Crusher feed (ROM to Plant)	$/t of ore	0.67
Ore differential	$/t of ore	0.16
General and administration costs	$/t of ore	6.7
Sustaining capital	$/t of ore	4
Grade control – Oxide	$/t of ore	0.5
Total Processing Costs	**$/t of ore**	**35.53**

The flat cash flow curve indicates that the optimisation is Mineral Resource constrained, with the optimal pits accessing the base of the deposit at a revenue factor of 0.80. This result indicates that a larger economic pit could be defined if the Indicated and Measured Mineral Resource is expanded through additional drilling.

Shell 23 was chosen as the optimal pit shell based on the incremental cash costs, the strip ratio, and maximising DCF. The pit shell is at revenue factor 0.80. Lower revenue factor pits were selected for stage designs. These pit stage shells were chosen to attempt to maximise the net present value (NPV) by staging pits before inflection points of incremental cash cost and strip ratio (see Table 28 for optimisation summary).

Table 28: Chilalo optimisation output summary

Item	Unit	Outputs
Shell	no.	23
Revenue factor		0.80
Total mined	Mt	53.30
Waste mined	Mt	44.30
Strip ratio	t:t	4.92
Total ROM feed	Mt	9.00
Indicated Resource in the ROM feed	Mt	9.00
Percentage of Indicated Resource in the feed	%	100
Inferred Resource in the ROM feed	Mt	0
Percentage of Inferred Resource in the feed	%	0
ROM feed grade	%	9.9
Average plant recovery	%	96.4
Total graphite produced	Mt	0.86
Total graphite concentrate	Mt	0.91
Operating costs	$ M	738.3
Revenue	$ M	1,357.7
Cash flow	$ M	619.4
Worst DCF	$ M	307.4
Best DCF	$ M	364
Ideal DCF	$ M	330.0
Mine life	years	11.25

Note: The pit optimisations and initial DCF analysis was completed using a dual phase ramp-up processing schedule. The first phase involved the design and construction of a 500 ktpa run of mine (ROM) throughput graphite processing facility. The second phase ramps up to a 750 ktpa in Year 5 and 1 Mtpa from Year 6. However, final DFS proposed a single-stage 500 ktpa facility. The life of mine schedule and final cost model has been completed on 500 ktpa processing schedule and demonstrated the financial viability of the Chilalo Graphite Project. This results in a variation between the mine life outlined from the pit shells above and the life of mine production schedule.

6.5 Mine Design

A realistic pit design has been prepared based on the results of the optimisations and incorporating appropriate wall angles, geotechnical berms, minimum mining widths, and access ramps appropriate for the equipment selected. A net block value attribute was created in the block model to calculate the block value (revenue-selling cost-processing cost). Any block with positive net block value is considered as ore. Throughout the design process, the pit was checked with block model and selected Whittle shells.

The material within the pit designs has been estimated by intersecting the pit design with the topographical surface within the mining block models. A detailed topographic surface digital terrain model generated by modelling a combination of surveyed drill collars, surveyed spot heights and an aerial drone survey was provided to CSA Global. North and West pits were designed with a starter pit and cutback into the final pit. Central Pit has a starter pit and three cutbacks into the final pit (Figure 20 and Figure 21).

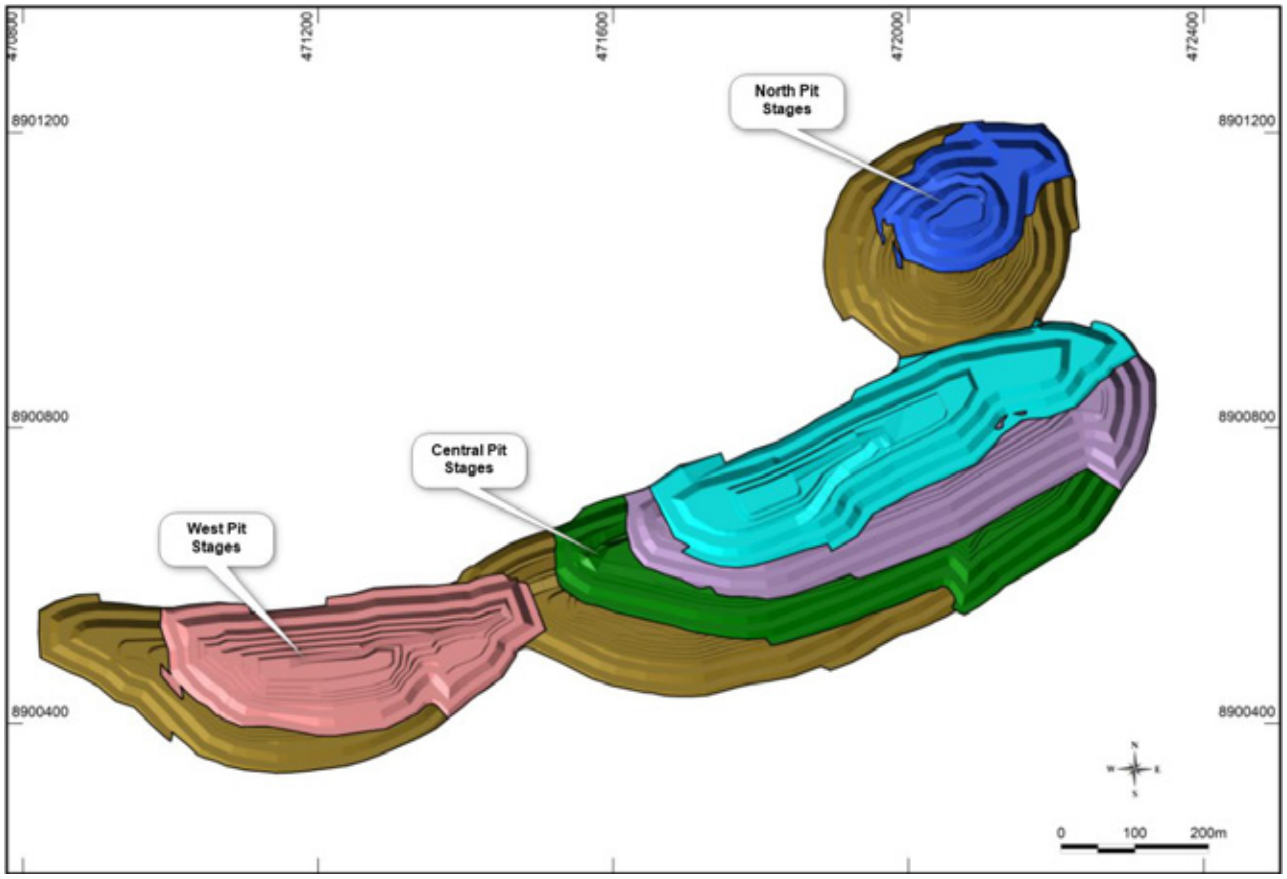

Figure 20: Final pit and stage designs

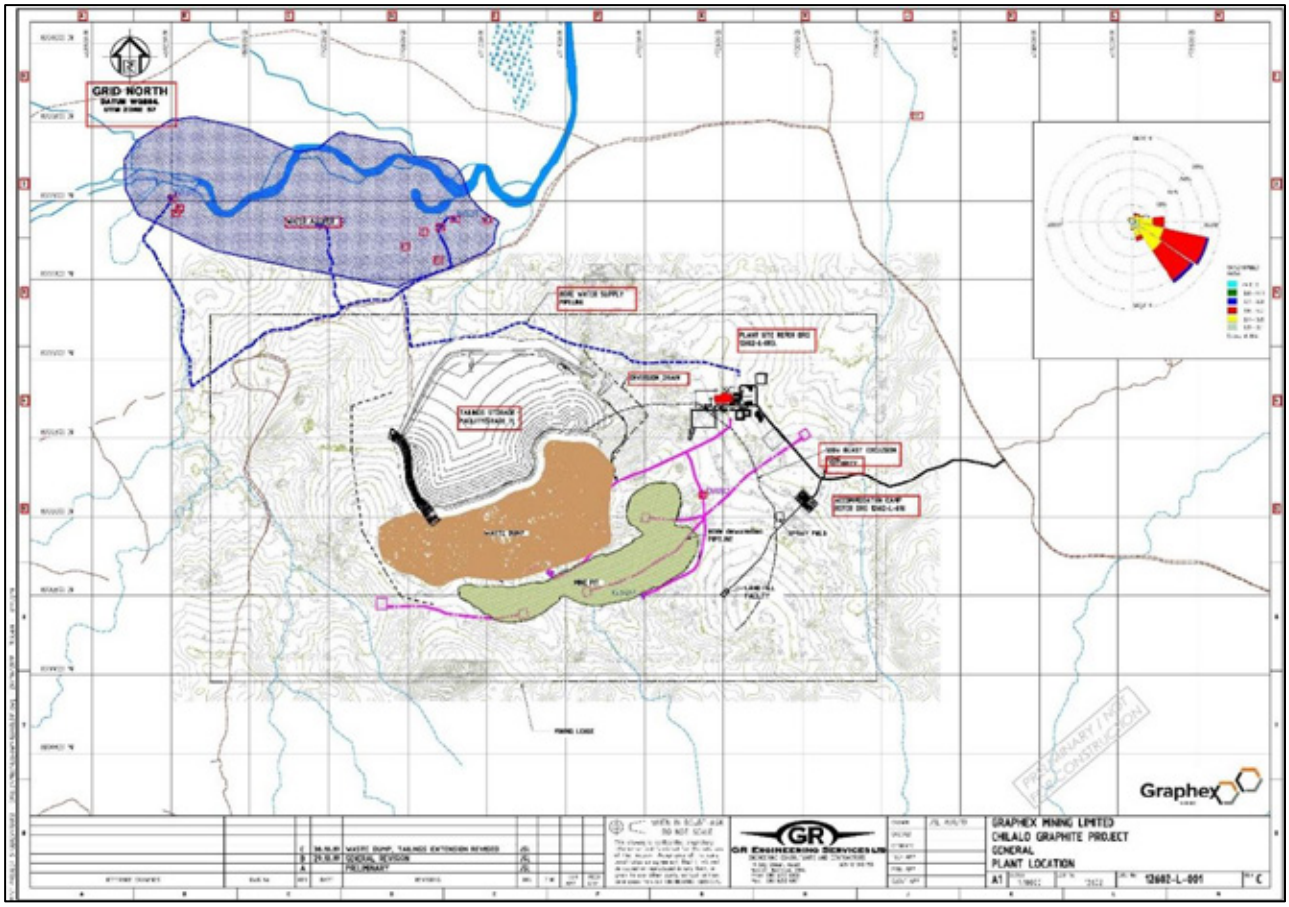

Figure 21: Site layout

The mining dilution and ore loss factors were applied against the in-situ numbers. Table 29 shows the material movement by Resource category. All the material from Indicated Resource category is feeding into the processing plant. Inferred Resource is classified as Mineralised Waste.

Table 29: Material movement by Resource category

Item	Unit	Total	Central Pit	North Pit	West Pit
ROM Ore Volume	bcm	**3,540,960**	2,514,143	308,858	717,960
ROM Ore Tonnes	t	**8,922,428**	6,358,023	779,593	1,784,812
ROM Ore TGC Grade	%	**9.92**	10.64	9.07	7.73
Mineralised Waste Volume	bcm	**4,382,813**	2,797,563	827,306	757,944
Mineralised Waste Tonnes	t	**11,389,741**	7,356,104	2,106,339	1,927,298
Mineralised Waste TGC Grade	%	**3.80**	3.60	4.63	3.65
Waste Volume	bcm	**12,958,569**	9,233,037	1,649,909	2,075,624
Waste Tonnes	t	**33,203,319**	23,867,780	4,115,676	5,219,863
TOTAL Volume	bcm	**20,882,342**	14,544,742	2,786,073	3,551,527
TOTAL Tonnes	t	**53,515,488**	37,581,907	7,001,608	8,931,973

Mine Waste Management Pty Ltd conducted a study for the management of acid and metalliferous drainage (AMD) generating waste rock within the proposed waste rock dump (WRD) at the Chilalo Graphite Project.

Acid base accounting data was reviewed to derive a total sulphur cut-off for potentially acid forming (PAF) versus non-acid forming (NAF) waste rock for waste rock block modelling purposes. The review process identified that oxidised zone (weathered) waste rock samples have a low risk of generating acidity. As such, oxidised zone waste rock samples are classified as NAF. For transition rock and fresh waste rock zone samples, total sulphur data can be used to develop a waste rock block model assuming:

- NAF samples have total sulphur content ≤ 0.4 wt.%
- PAF samples have total sulphur content > 0.4 wt.%.

The waste rock classification approach Mine Waste Management Pty Ltd followed is shown in Figure 22.

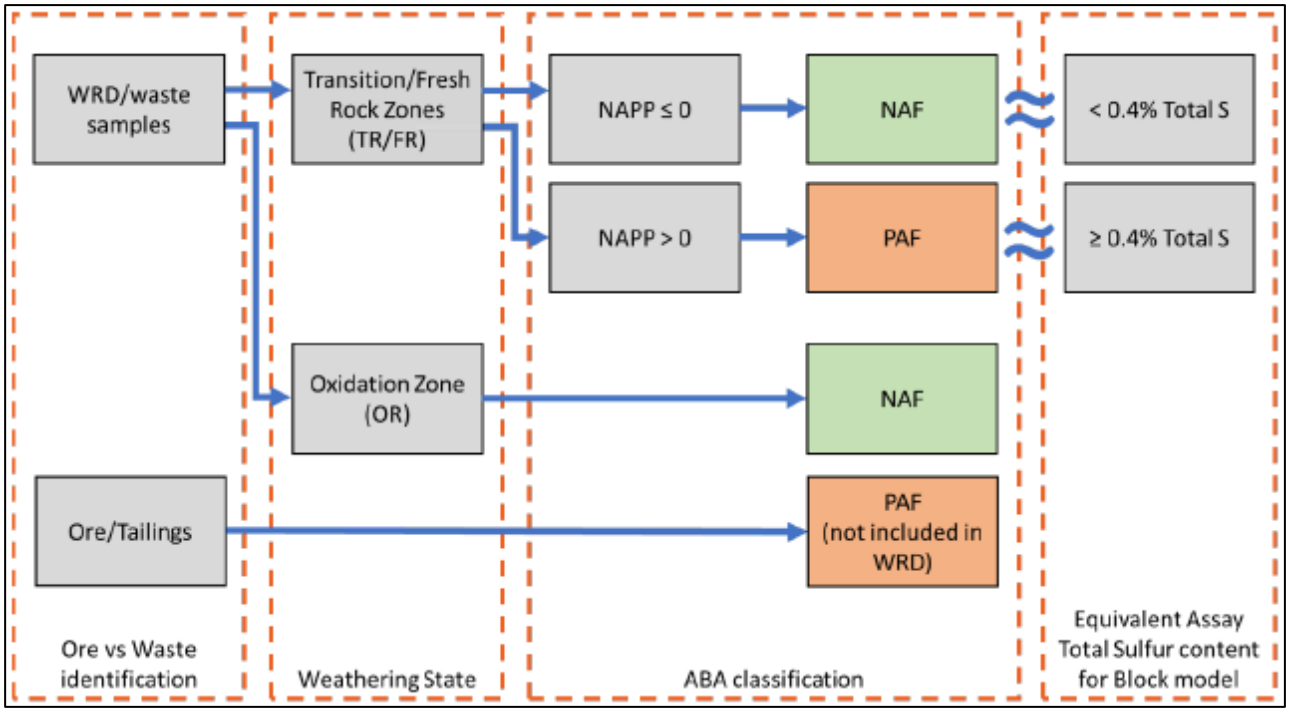

Figure 22: Waste rock AMD classification process

6.6 Mine Scheduling

MineSched™ software was used to produce the life of mine schedule on a monthly basis. Mining rates were applied to suit Graphex's proposed processing schedule of 500 ktpa ROM feed (Table 30). The schedule was completed with Inferred Mineral Resource treated as waste. Inferred Resource is approximately 21.3% (11.4 Mt) of total movement. In this, 1.1 Mt at 7.21% TGC and 10.3 Mt at 3.44% TGC. Table 30 summarises the production schedule results. The ore is classified to four grade bins to achieve consistent feed grade and maximise the cash flow. Waste material is classified as PAF and NAF based on the sulphur cut-off of 0.4 wt.%. Total material movement by different material classes are shown in Figure 23. Figure 24 shows the processed ore by grade.

Table 30: Life of mine production schedule results

Schedule item	Units	Quantity
Total tonnes mined	Mt	53.5
Total ROM feed	Mt	8.9
ROM feed TGC grade	%	9.9
Inferred Resource mined	Mt	11.4
Inferred Resource TGC grade	%	3.8
Percentage of Indicated Resource in the ROM feed	%	100
Percentage of Inferred Resource in the ROM feed	%	0
NAF waste mined	Mt	13.8
PAF waste mined	Mt	19.4
Processing throughput	ktpa	500
Stripping ratio	Waste t: Ore t	5.00
Total mine life	years	18.3

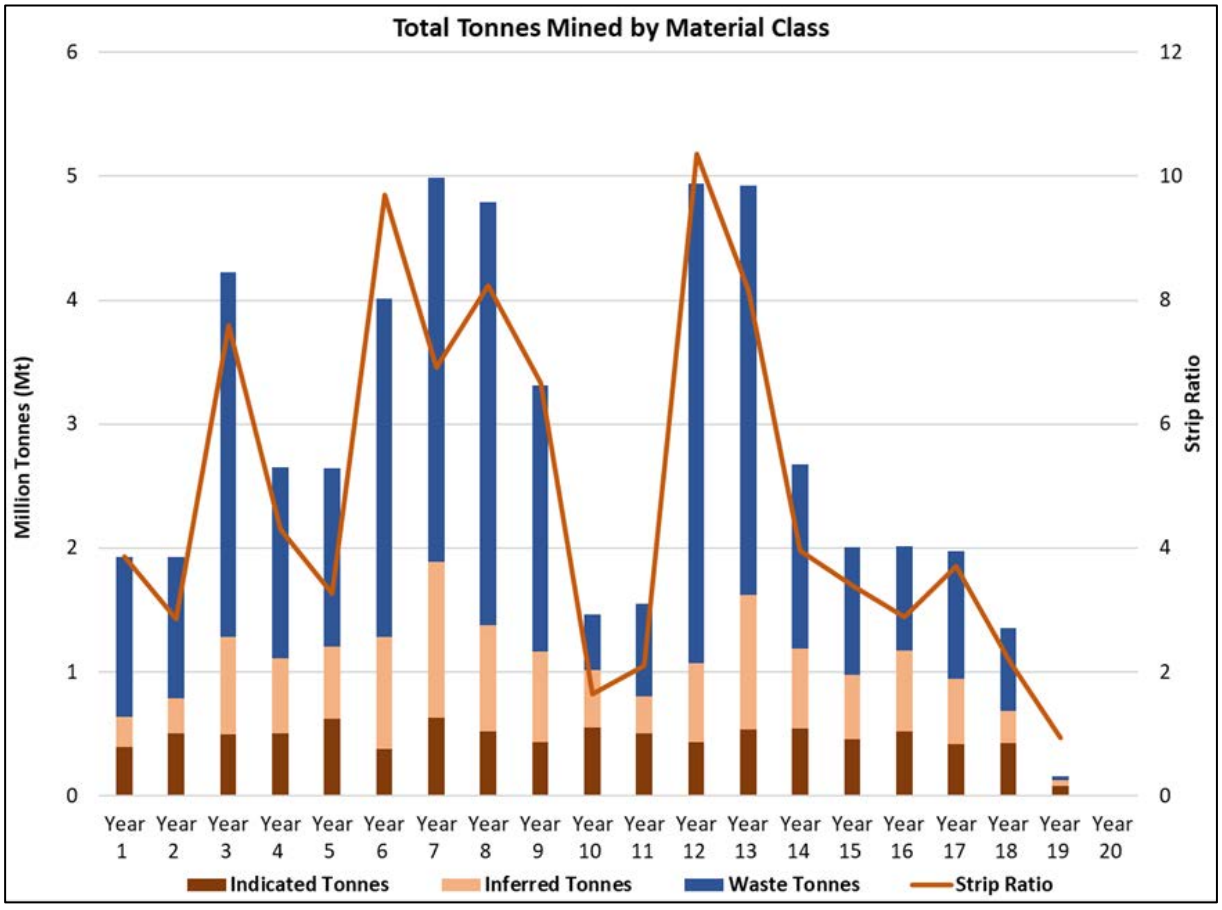

Figure 23: Total tonnes mined by material class

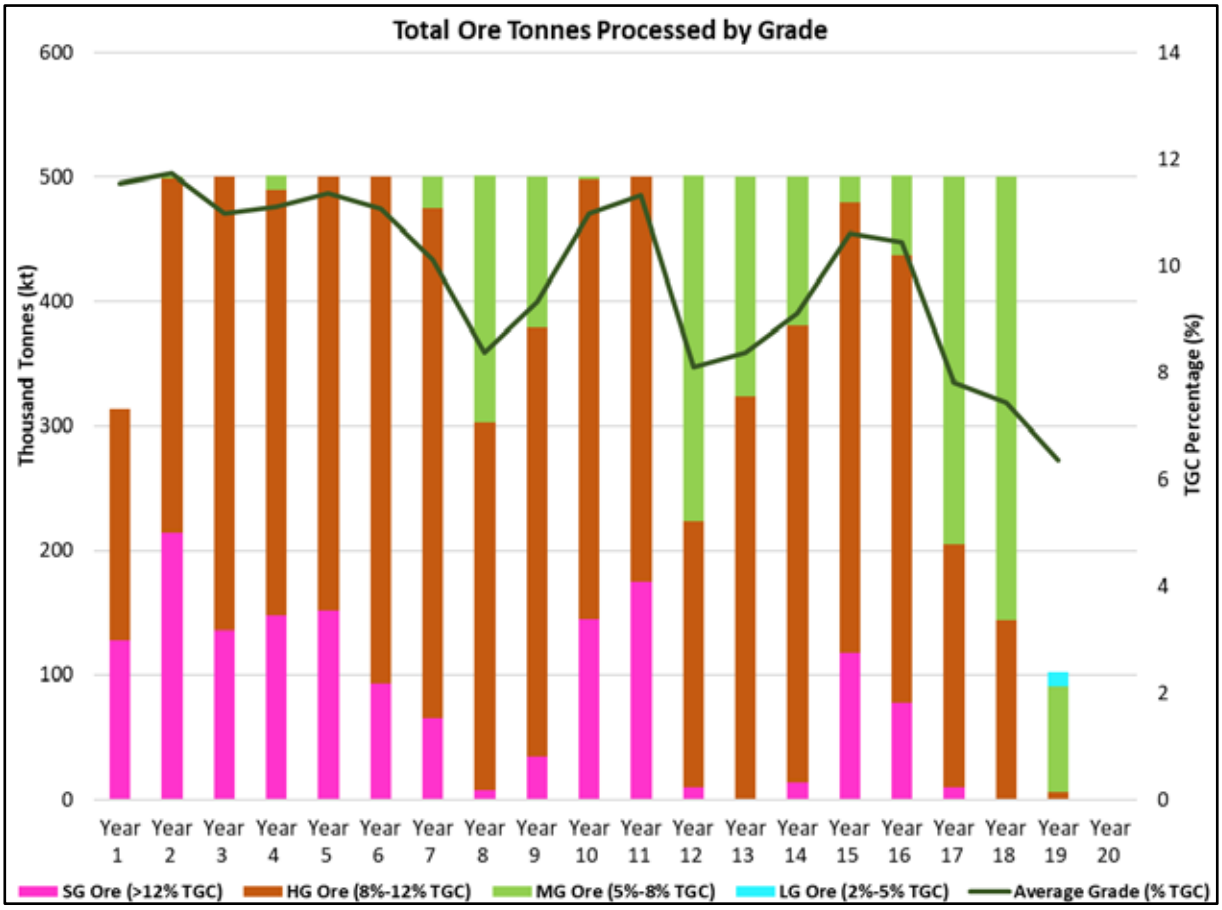

Figure 24: Total ore tonnes processed by grade

6.1 Mining Operations

It is planned that conventional drill and blast, load and haul open pit mining will be used to extract the mineralised material. ROM feed will be defined by grade control procedures in the pit and delivered by truck to the ROM pad located next to the processing facility. Waste will be classified according to its acid mine drainage potential and will be dumped in managed waste dumps. It is planned that mining will be carried out by an experienced earthmoving contractor.

The earthmoving contract will include clear and grub, topsoil stripping, drill and blast, excavate, load and haul of ROM and waste, crusher feed and ROM stockpile rehandling, and waste dump management and rehabilitation. The mining contractor will be supported by Graphex supervisory and technical staff. This staff will undertake the operation functions of management, surveying, mining engineering, geology, administration, grade control, and geotechnical engineering, with appropriate equipment and software.

6.2 Mining Cost Estimate

The mining cost estimates only address the costs associated with the mining contract, mining technical and managerial support staff and infrastructure. Costs associated with administration, processing, camp facility, water boreholes, potable water supply, power, and other non-mining related activities have been estimated elsewhere in the DFS. Table 31 summarises the total mining capital and operating cost estimate over the life of the Project.

Table 31: Total mining capital and operating cost estimate summary

CAPEX Cost	Unit	Cost
Mining CAPEX Costs		
Mining – Mobilisation cost	US$	0
Mining – Establishment cost	US$	964,000
Mining – ROM and skyway construction cost	US$	146,272
Mining – Geotechnical	US$	230,000
Mining – Dewatering infrastructure	US$	37,059
Mining – Demobilisation	US$	483,155
Total – Mining CAPEX Costs	**US$**	**1,860,486**
Fixed Operating Costs		
Mining – Technical services (fixed)	US$	20,969,583
Mining – Contractor (fixed)	US$	56,390,053
Mining – Geotechnical (fixed)	US$	828,000
Total – Mining Fixed Operating Cost	**US$**	**78,187,636**
Variable Operating Cost		
Mining – ROM ore loading and haulage (variable)	US$	19,048,509
Mining – Mineralised Waste loading and haulage (variable)	US$	22,863,029
Mining – Waste loading and haulage (variable)	US$	68,656,895
Mining – Grade control (variable)	US$	4,461,214
Mining – Drill and blast (variable)	US$	63,893,350
Mining – Fuel cost (variable)	US$	21,892,507
Mining – Crushing ROM ore rehandling (variable)	US$	5,935,067
Mining – Clearing and grubbing (variable)	US$	3,344,537
Mining – Waste dump construction by paddock dumping	US$	6,479,284
Mining – Rehabilitation (variable	US$	2,403,607
Total - Mining Variable Operating Cost	**US$**	**218,978,000**
Total Operating Cost (Fixed + Variable)	**US$**	**297,165,636**
Average Operating Cost ($/t mined)	**US$/t mined**	**5.55**

6.1 Tailings Storage Facility

The TSF at Chilalo has been designed to store up to 13 Mt of tailings that will be produced over a 15-year life of mine. The facility is intended to occupy a shallow valley to the north of the proposed pit and west of the plant location. Tailings will be contained by a cross valley embankment, constructed in seven nominal stages during the life of mine.

The initial embankment will be a maximum of 12 m high. It is anticipated that by the end of mine life, the main containment embankment will be approximately 24 m high with a total impoundment volume of approximately 9 Mm^3 and an impoundment area of approximately 79 ha.

Tailings discharge will predominantly be in the downstream direction from the waste dump perimeter towards the main embankment, against which a decant pond will develop.

6.2 Process Plant

The Chilalo processing plant has a design throughput rate of 500,000 tonnes per year. The processing plant design for the Project has been based on the process design criteria which has been derived from the testwork and confirmed with pilot plant work.

- Crushing and screening – The crushing circuit will be a conventional two stage crushing circuit with a jaw crusher as the primary crusher and a cone crusher as the secondary crusher. The secondary crusher will be in closed circuit with a double deck vibrating screen. The size reduction will be from approximately

500 mm to 25 mm through the crushing and screening circuit. Comminution testwork was completed by ALS Perth.

- Grinding and classification – Primary grinding will be carried out in a rod mill, which will operate in closed circuit with a rod mill screen. The undersize from the rod mill screen will feed a flash flotation rougher flotation cell, while the screen oversize will be reground in the primary mill. The rougher cell will recover fast floating coarse graphite which will report to the flotation circuit. The rougher tail will gravitate to the ball mill discharge hopper where it will be pumped to the ball mill cyclones. Testwork on wet screens was performed by NAGROM. Comminution testwork was completed by ALS.
- Flotation – A conventional flotation process will be used to recover graphite concentrate. The flotation circuit will consist of rougher scavenger flotation with regrind followed by multiple stages of screening, cleaning and attrition grinding. The rougher scavenger and majority of the cleaning cells will consist of conventional rectangular cells. A Jameson cell will be installed in the final cleaning duty to recover the fine graphite.
- The coarse cleaning circuit will consist of a regrind mill, two banks of coarse cleaners (coarse cleaner 1) and a coarse graphite separation screen. The cleaning circuit will consist of three regrind mills, five banks of cleaner cells and two coarse graphite separation screens. Sample points will be provided to assist ensuring the metallurgical targets for the flotation circuit are met.
- Filtration and drying – The final concentrate is then filtered, dried and classified into eight product bins that allow different product grades. Filtration testwork was carried out by Outotec.

6.3 Product Transport and Shipping

Graphite concentrate produced at Chilalo will be transported by truck to the international port of Dar es Salaam, a distance of approximately 638 km, which is predominantly by sealed bitumen road. Marvel had previously planned to truck Chilalo product to the Mtwara Port, from where shipping was proposed, however, having conducted a detailed investigation of the shipping alternatives, Chilalo graphite will now be trucked to, and shipped from, the Dar es Salaam Port.

6.4 Environmental Approvals

In March 2016, the Chilalo Graphite Project was issued with an Environmental Certificate by the National Environment Management Council of Tanzania. Issue of this certificate followed a review of the Environment and Social Impact Assessment ("2015 ESIA") for development of Chilalo that was submitted in October 2015. Receipt of the Environmental Certificate was an important approval as it was a prerequisite for the granting of the Chilalo Mining Licence.

In completion of the DFS, the 2015 ESIA has been updated, together with supporting documentation, to address any gaps in the 2015 ESIA. Preparation of the 2019 ESIA involved carrying out a range of baseline studies, the findings of which were incorporated in the 2019 ESIA:

- Terrestrial fauna and fauna survey
- Baseline aquatic ecology survey
- Soils survey and classification
- Establishment of dust monitoring locations and collection of dust fall-out data for a period of six months
- Additional surface and groundwater quality sampling during May and July 2019 to represent the wet and dry season
- Archaeological and cultural heritage survey
- Modelling of dust fall-out and gaseous emissions over the life of the Project
- Calculation of greenhouse gas emissions from the Project
- Modelling of noise and vibration at nearby communities as a result of the Project.

7 Ore Reserves

7.1 ASX Listing Rule 5.9 Summary

The following summary (Table 32) presents a fair and balanced representation of the information contained within the full Ore Reserve estimate report.

Table 32: ASX Listing Rule 5.9 summary

ASX Listing Rule 5.9.1 criteria	Chilalo Deposit
The material assumptions and the outcomes from the preliminary feasibility study or the feasibility study (as the case may be) – if the economic assumptions are commercially sensitive to the mining entity, an explanation of the methodology used to determine the assumptions rather than the actual figure can be reported	The operating cost estimate used in the DFS included all costs associated with mining, processing, infrastructure, and site-based general and administration costs. The operating cost estimates are in US$. The overall accuracy of the cost estimate used in the estimation of Chilalo Ore Reserves is considered to be within ±15%. The economic analysis is based on cash flows driven by the production schedule. The cash flow projections include initial and sustaining capital; mining, processing and product logistics costs to the customer; revenue based on an appropriate sale price adjusted for fees, charges, and royalty; and a 10% discount factor. An average product price of US$1,500/t was used, as advised by Graphex. Selling cost include government royalties (3%) and other royalties (1%). The Ore Reserve estimate includes material extracted from the designed open pit that is sourced from the Indicated Mineral Resources only. All tonnes and grades have been adjusted for planned and unplanned mining dilution and ore loss. Dilution has been assigned a zero grade. The modelling has considered all capital, operating and realisation costs as outlined in the DFS. Sensitivity analysis was undertaken for a ±20% variation on the key Project financial metrics, including: average sale price; operating costs; capital costs; metallurgical recovery and discount rate. In all sensitivity cases, the NPV of the Project was positive.
The criteria used for classification, including the classification of the Mineral Resources on which the Ore Reserves are based and the confidence in the modifying factors applied	Probable Ore Reserves were estimated from Indicated Mineral Resources as per the JORC (2012) guidelines. No Ore Reserves were based on Measured Mineral Resources. The Competent Person for this Ore Reserve estimation has reviewed the work undertaken to date and considers that it is sufficiently detailed and relevant to the deposit to allow those Ore Reserves derived from Indicated Mineral Resources to be classified as Probable.
The mining method selected and other mining assumptions, including mining recovery factors and mining dilution factors	The mining approach applied in the Chilalo DFS is conventional open pit mining. The tabular shape of the outcropping orebody is well suited to this approach. The ore will be trucked from the mine to a ROM stockpile adjacent to the plant. Waste rock will be trucked to a waste dump. A minimum mining width of 20 m for normal bench and a minimum cutback width of 30 m was used in the pit design. The pit design has a dual lane ramp of 15 m and a single lane ramp of 10 m for the final 30 vertical metres. Inferred Mineral Resources is not included in the pit optimisation and pit design. Ore Reserve contains only Indicated Resource. A mining and production schedule were completed with Inferred Mineral Resource treated as waste and concluded that conversion of Inferred Mineral Resource to processed product is not required for the overall financial viability of the Chilalo Graphite Project. Mining rates were applied to suit Graphex's proposed processing schedule of 500 ktpa ROM feed. The schedule was completed with Inferred Mineral Resource treated as waste. Inferred Resource is approximately 21.3% (11.4 Mt) of total movement. Mining dilution and mining recovery are estimated at 10% and 95% respectively, considered appropriate for the style of deposit, mining method and mining fleet. The Ore Reserves in this statement have been reported exclusive of the Inferred Mineral Resource.

ASX Listing Rule 5.9.1 criteria	Chilalo Deposit
The processing method selected and other processing assumptions, including the recovery factors applied and the allowances made for deleterious elements	Flotation testwork of the 2019 composites produced final graphite concentrates above the target grade of TGC >94% and 90–98% graphite recovery. A favourable coarse particle size distribution was maintained (~50% to 60% >180 µm flake size). Metallurgical processing recoveries as based on test work conducted on samples taken from North, Central and West pit areas. Design throughput rates for the Phase 1 processing plant were set at 500,000 tpa of open pit ore, with production of approximately 50,000 tpa of graphite. An effective utilisation of 91% has been used for design purposes. The proposed processing plant will include a two-stage crushing circuit that will deliver product to a storage bin. Ore will be reclaimed from the storage bin and delivered to a two-stage milling circuit. The primary rod mill will operate in closed circuit with a screen. The undersize from the mill product screen will report to a rougher flotation cell for recovery of coarse fast floating graphite. The rougher tail will report to the secondary ball mill operating in closed circuit with cyclones. The undersize from the ball mill cyclones will report to the scavenger cells. The rougher and scavenger concentrate will undergo various stages of cleaning regrinding and screening. Coarse and fine graphite concentrate will be filtered and dried in separately. Dry graphite concentrate will be screened into various product sizes and bagged for shipping. Flotation tailings will report to the tailings hopper thickener and then be pumped to the TSF. Waste material is classified as PAF and NAF based on the sulphur cut-off of 0.4%.
The basis of the cut-off grade(s) or quality parameters applied	The revenue generated from a graphite operation is primarily driven by the flake size distribution of the product. The flake proportion over a series of size categories determines the basket price of the product. The carbon grade (TGC) is not directly related to flake size. Mineral resource has a minimum cut-off of 2% TGC. There is no further cut-off applied for the Indicated Resource category. The cut-off between ore and waste also has been determined by net value per block. Total block costs are estimated for all operating costs to the point of sale including processing, product haulage, crusher feed, general and administration, ore differential, sustaining capital, selling costs, and grade control costs. The total block revenue minus the total block costs estimates the net value per block. Any Indicated block returning a positive net value has been defined as “ore” for the purposes of pit design and production scheduling. Any material that has been defined as Mineral Resource that has a negative net value has been defined as “waste”.
Estimation methodology	A DFS was completed for the Project and reported in 2020. The DFS forms the basis of the Ore Reserve estimate. The DFS targets an average process ROM processing throughput rate of 0.5 Mtpa to produce graphite concentrates. The MRE for the Project is reported inclusive of the Ore Reserve estimate. The work undertaken to date has addressed all the material Modifying Factors required for the conversion of the MRE into an Ore Reserve estimate and has shown that the mine plan is technically feasible and economically viable.
Material modifying factors, including the status of environmental approvals, mining tenements and approvals, other governmental factors and infrastructure requirements for selected mining methods and for transportation to market.	The environmental and socio-economic conditions in and around the project area are well characterised. Graphex has prepared and submitted to the Tanzanian government, an Environmental and Social Impact Assessment (ESIA) and an Environmental Management Plan as part of the process of granting mining licences for the Project. The mining licence application was submitted and obtained in February 2017. The Chilalo Graphite Project has been issued with an Environmental Certificate by the National Environment Management Council of Tanzania. This certification is a prerequisite for the granting of a Mining Licence. The appropriate environmental considerations of the Project are included in the Project planning. As part of the preparation of the DFS, Graphex has submitted an updated ESIA to the Tanzanian Government in December 2019. Local, regional and national stakeholders have been engaged in the development and planning of the Project. The previously approved Relocation Action Plan has been updated, agreed with local communities, and approved by the Government Valuer to address the relocation and compensation of community members who would be affected by mining operations. Appropriate permitting for issues such as dewatering are being addressed through the appropriate processes. The Mineral Resources reported in this announcement are on granted mining licence ML 569/2017 which is owned by Ngwena, a wholly owned subsidiary of Evolution. ML 569/2017 is currently valid and in good standing.

7.2 Ore Reserves

An Ore Reserve of 8.92 Mt @ 9.92% TGC has been estimated as Probable Ore Reserves, reported in accordance with the JORC Code (2012 Edition) and as shown in Table 33.

Table 33: Ore Reserve estimate January 2020

Deposit	JORC classification	Tonnes (Mt)	Grade TGC (%)	Contained graphite (kt)
Chilalo	Proved	-	-	-
	Probable	8.9	9.9	885
Total		**8.9**	**9.9**	**885**

Notes:

- *Figures above may not sum due to rounding.*
- *The Ore Reserve statement is supported by pit optimisations, pit designs, schedule, and subsequent financial model.*
- *Notes of particular importance are:*
  - *Resource models have been prepared by CSA Global*
  - *Mineral Resources are inclusive of Ore Reserves*
  - *A fixed product price of US$1,500/t was used as advised by Graphex*
  - *Discount rate used of 10%*
  - *Mining dilution and mining recovery estimated at 10% and 95% respectively, appropriate for the style of deposit, mining method and mining fleet*
  - *Metallurgical processing recoveries as based on the test work conducted on samples taken from North, Central and West pit areas*
  - *Mining assumptions and operating cost estimates are based on a contract mining rates and processing and selling costs from GPX and CSA assumptions*
  - *Any Indicated Resource returning a positive net value within the pit design deemed as processable and included within the Ore Reserve estimate. The total block revenue minus the total block costs is the estimate for the net value per block*
  - *Pit optimisations, Mine design and Mining Schedule have been prepared and reviewed by CSA Global.*

The information in this section that relates to Ore Reserves is based on information compiled by Mr Anoop Antu Kachappilly and reviewed by Mr Karl van Olden, both employees of CSA Global at the time of the Ore Reserve estimation. Mr van Olden takes overall responsibility for the Report as Competent Person. Mr van Olden is a Fellow of the AusIMM and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as Competent Person in terms of the JORC Code (2012 Edition). The Competent Person, Karl van Olden has reviewed the Ore Reserve statement and given permission for the publication of this information in the form and context within which it appears.

CSA Global has completed a high level review and in our opinion, given economic viability alone, the Ore Reserve is unlikely to vary materially from the January 2020 estimate, without a significant change in market conditions and product price for the following reasons:

- The outcomes of the pit optimisations supporting the Ore Reserve showed that the Ore Reserve is Mineral Resource constrained
- Sensitivity analysis within the DFS, based on this Ore Reserve, resulted in a positive NPV when key project parameters fluctuated by ±20%, including metal price, metallurgical recovery, operating cost, capital cost and discount rate
- The accuracy of the DFS cost estimate is stated to be ±15%, whereas an Ore Reserve requires only a PFS level of accuracy.

8 Financial Analysis

8.1 Key Economic Inputs and Model

The Financial Model was built for the purpose of analysing the cash flows that would be generated by the Project. The model was used to evaluate the cash flow effects of the marketing strategy, mining schedule and process plant design, as well as the relative sensitivities of major cash flow components.

The DFS proposes a processing plant with the capacity to produce approximately 50 ktpa of graphite products, including graphite concentrate and value-added products.

The resulting Project key economic outputs are shown in Table 34 and *EBITDA – earnings before interest, tax, depreciation, and amortisation

+ Adjustments made as a result of the Chilalo Project Royalty, executed after the release of the DFS Announcement

Table 35. All cash flows and financial metrics are reported on post tax basis unless specified otherwise.

Table 34: Key physical and financial metrics

Item	Unit	Life of mine (Royalty Adjusted DFS Outcomes +)
Physicals		
Mine life	years	18
Total plant feed	Mt	8.9
Annual plant feed	ktpa	500
Average head grade	TGC %	10.1%
Average graphite concentrate production	ktpa	50
Steady state expandable graphite production	ktpa	12
Steady state micronised graphite production	ktpa	8
Project financials		
NPV_8 (post-tax)	US$ M	323
IRR (post-tax)	%	34%
Post-tax payback period	years	3.6
Pre-production capital cost (incl. 10% contingency and pre-strip)	US$ M	87.4
Average annual EBITDA*	US$ M	73

**EBITDA – earnings before interest, tax, depreciation, and amortisation*

+ Adjustments made as a result of the Chilalo Project Royalty, executed after the release of the DFS Announcement

Table 35: Financial metrics by product type

Product segment financials	Unit	Concentrate	Expandable graphite	Micronised graphite	Consolidated Production++	Royalty Adjusted DFS Outcomes+
Average sales price (FOB)	US$/t	1,534	5,690	2,802	2,500	2,500
C1 operating costs per tonne (FOB)1	US$/t	778	512	383	905	905
Operating margin	US$/t	756	5,178	2,419	1,595	1,595

++ Consolidated Production shows the average sales price, operating costs and margin for the consolidated operation (ie. Inclusive of concentrate, expandable graphite and micronised graphite)

+ Adjustments made as a result of the Chilalo Project Royalty, executed after the release of the DFS Announcement

The economics of Chilalo deliver a post-tax NPV of US$323m and an internal rate of return (IRR) of 34%. Chilalo demonstrates strong financial returns based on the assumptions used even after flexing major financial assumptions. Chilalo's 18-year life of mine combined with a healthy margin give the Project a strong NPV and IRR. These financial metrics provide a compelling commercial case for development.

8.2 Revenue and Production

As outlined in the DFS, the sales and marketing strategy involves selling to both Chinese and non-Chinese customers that attract average sales prices below in Table 36 and Table 37.

Table 36: Average sales price (non-China) for Chilalo flake graphite (purity range 95–97% LOI)

ASTM mesh / µm size	Price weight factor %	Average sales price (US$/t FOB port)
+20 (14x20) / +850	0.7	5,000
+32 (20x32) / +500	9.8	3,075
+50 (32x50) / +300	20.6	2,397
+80 (50x80) / +180	26.9	1,315
+100 (50x100) / +150	6.3	995
-100 / -150	35.8	770
Total	**100%**	**US$1,522**

Table 37: Average sales price (China) for Chilalo flake graphite (purity range 95-97% LOI)

ASTM mesh / µm size	Price weight factor %	Average sales price (US$/t FOB port)
+20 (14x20) / +850	0.7	5,000
+32 (20x32) / +500	9.8	2,200
+50 (32x50) / +300	20.6	1,600
+80 (50x80) / +180	26.9	1,000
+100 (50x100) / +150	6.3	750
-100 / -150	35.8	600
Total	**100%**	**US$1,111**

If Chilalo graphite is sold to the Chinese market as expected, it needs to be competitive with domestic Chinese graphite producers. Therefore, 13% value-added tax has been accounted for by reducing the revenue received for Chilalo graphite concentrate. It is assumed the 1% import duty will be borne by the buyer.

In addition to concentrate sales, over time Evolution will develop and increase its sales of value-added products of expandable graphite and micronised graphite.

Table 38 shows the average or median sales price points of expandable graphite by mesh size for the quarter ended 30 June 2019 as provided by LSTM. The study has assumed that 50% of the expandable graphite processed and sold will be generated from +50 mesh feedstock and the remaining 50% using +80 mesh.

Table 38: Expandable graphite price

Mesh	Price (US$/t)
+50	6,105
+80	5,275
+100	4,320
+150	3,875
+200	3,560

Table 39 shows the average sales price for Graphex's targeted product mix of standard purity (95% LOI) micronised flake graphite based on pricing for the quarter ended 30 June 2019 as provided by LSTM.

Table 39: Standard purity micronised graphite – product mix and average sales price

Product	Price (US$/t)	Product mix	Average sales price (US$/t)
Product 1	1,620	40%	648
Product 2	2,429	10%	243
Product 3	3,555	35%	1,244
Product 4	3,844	10%	384
Product 5	5,646	5%	282

Average sales price			2,802

8.3 Sensitivity Analysis

A sensitivity analysis was undertaken of the major factors influencing the Project financial metrics. These factors were:

- The overall average sales price of the graphite being produced and sold
- The feed grade of the ore being processed
- Discount rate
- The site operating costs
- The development and sustaining capital costs.

The results of the sensitivity analysis are displayed as a spider chart in Figure 25 and the discount rate sensitivity in Table 40.

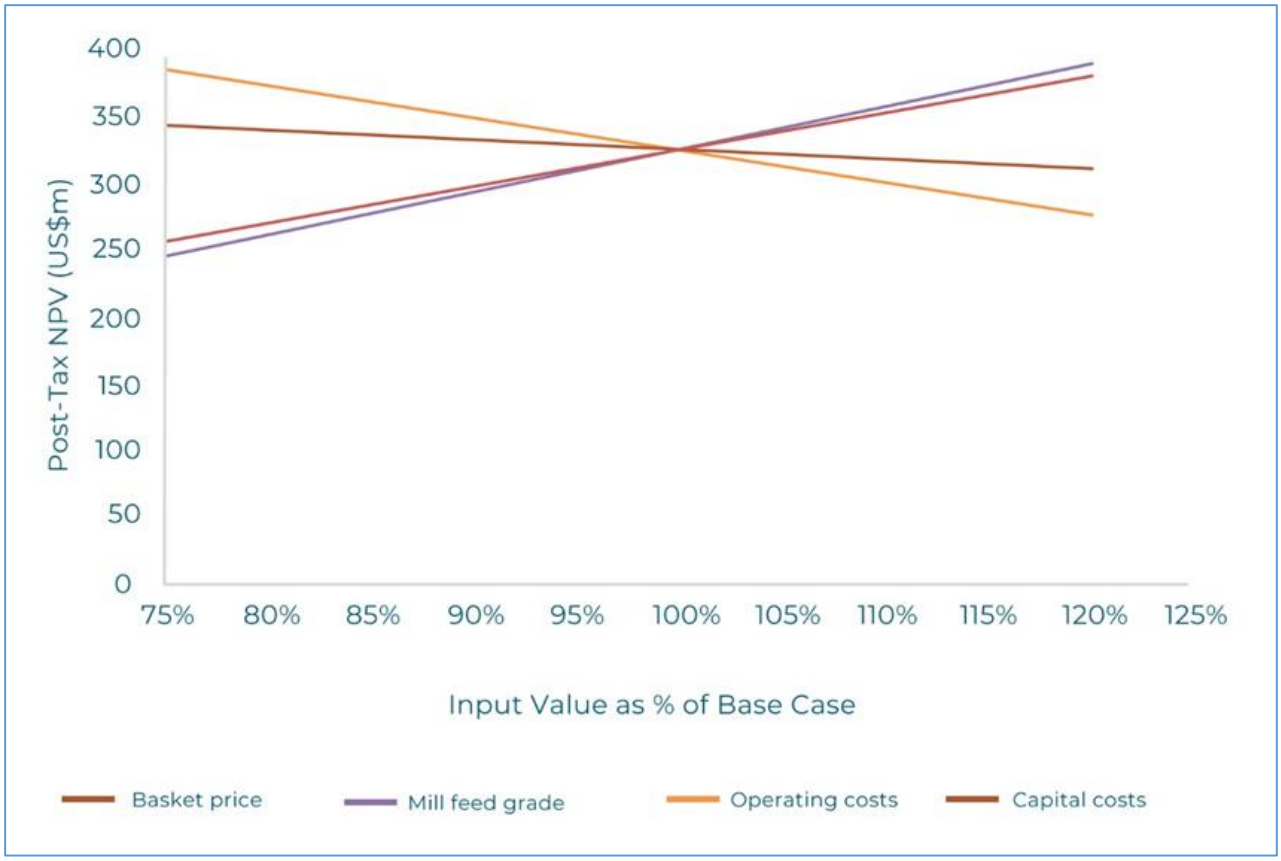

Figure 25: Sensitivity "spider" graph

Table 40: Discount rate sensitivity

Discount rate (%)	Post-tax NPV (US$ M)
6	403
8	323
10	260
12	210

9 Exploration Potential

9.1 Graphite mineralisation

Geophysical techniques are an indirect way of mapping geological and/or mineralisation trends across an exploration project. Given that graphite (and associated metal sulphide minerals, for example pyrite and pyrrhotite) are conductors, various electromagnetic (EM) methods can be highly effective exploration tools for graphite mineralisation. EM surveys can be carried out on the ground, downhole or from the air.

A VTEM geophysical survey was initially completed over a large portion of the property, initially targeting nickel sulphides. The VTEM map showed several elongate EM targets, some of which were drilled in 2014, leading to the discovery of the Chilalo graphite deposit.

Based on EM survey data, there is potential for further graphite discoveries in the Chilalo area. The fundamental assumption underlying the concept of additional graphite mineralisation is that anomalous, high EM conductance trends identified in DHEM, FLEM and VTEM data represent graphite mineralisation.

FLEM surveying was completed in 2019 over three graphite targets identified from the VTEM data across the Chilalo project (Sinnott, 2019). Several other graphite targets were identified, but no FLEM surveying has yet been done over them. The targets are shown in Figure 26 and are ranked from high priority (red) to lower priority (green or yellow).

FLEM has been completed over the ML and identified some very high conductance zones, including the Chilalo Mineral Resource. Outside of the ML, FLEM has only been acquired over Targets 5, 8 and 12 in 2019, and just to the E of Target 7 in early 2020.

- Targets 5 and 8 have very high conductance anomalies and are priority targets for drilling/trenching, subject to the reinstatement and renewal of PL 11034/2017 (see Section 3.2) .
- A strong conductor was also identified E of Target 7, but these FLEM data have not been modelled yet.
- No very high conductance targets were identified over Target 12.

In CSA Global's opinion, the VTEM, FLEM and DHEM geophysical survey results underpin the modelled extent of graphite mineralisation along strike and down dip at the Chilalo deposit and furthermore, indicate potential for graphite mineralisation elsewhere in the Project area.

CSA Global notes that the VTEM conductor trends are valid target areas to host high grade graphite, but also notes that the VTEM method cannot detect the most conductive zones. Therefore, these need to be identified by FLEM surveys along the VTEM trends.

CSA Global cautions, however, that geophysical exploration methods are indirect and may detect other conductive minerals such as metal sulphides, in addition to graphite.

9.2 Other Prospective Targets

Based on regional project geology, there is potential for other deposit styles and other commodities (e.g., nickel or gold), although these did not come within scope of this Report and were therefore not reviewed.

CSA Global concludes that there is potential to discover further graphite mineralisation in the Chilalo tenements using FLEM, exploration drilling and DHEM techniques.

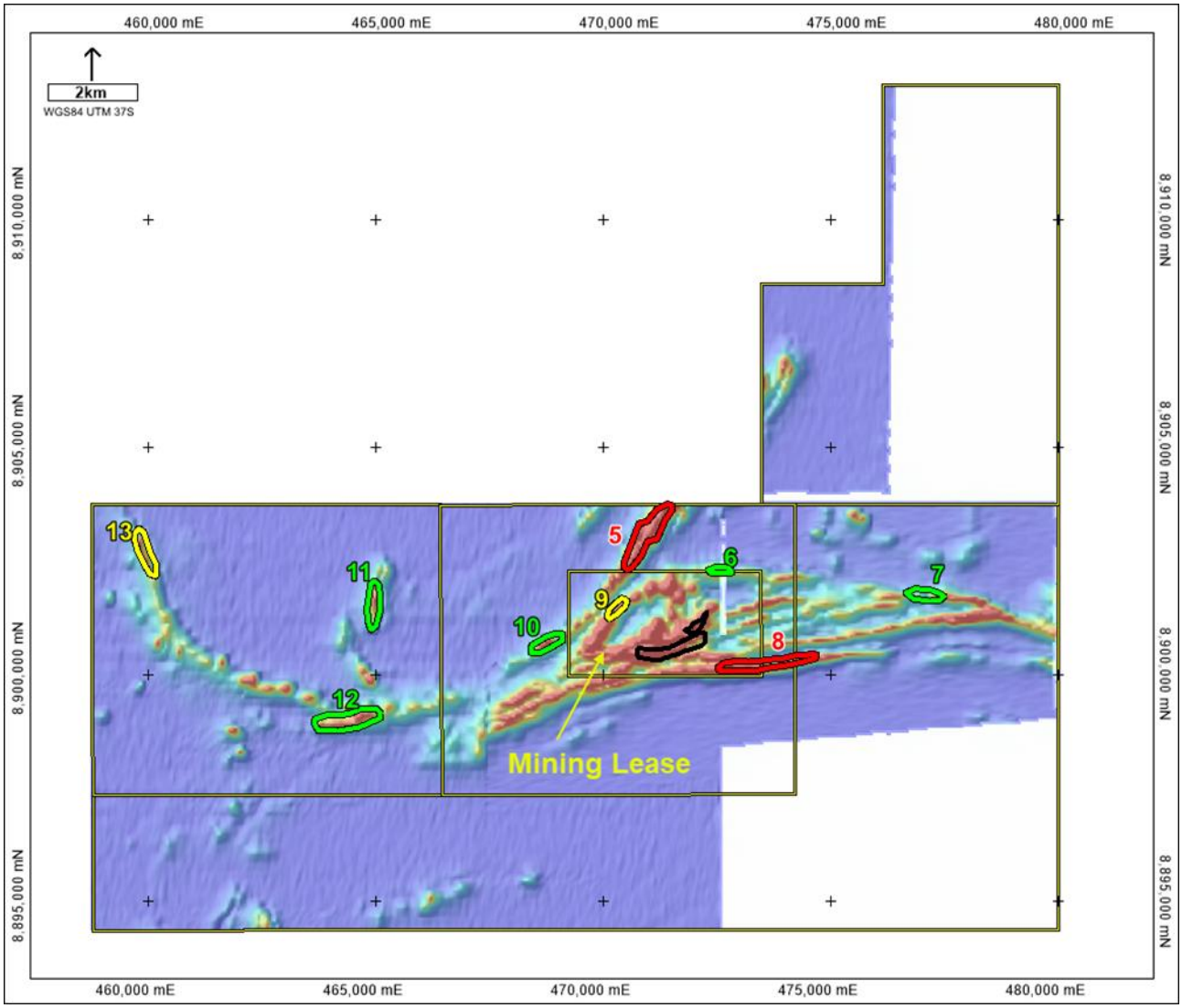

Figure 26: Map of the Chilalo tenements, showing conductive VTEM and FLEM targets

The Chilalo Inferred MRE outline is shown as two black polygons, within the Mining Licence. The FLEM targets are ranked from high priority (red) to lower priority (green or yellow). Map sourced from Resource Potentials Pty Ltd (Sinnott, J., 2017 and 2019).

10 Use of Funds & expenditure program

Evolution has provided CSA Global with the proposed use of funds raised as summarised in Table 41 and the associated detailed expenditure program as summarised in Table 42.

Table 41: Evolution use of funds raised

	Minimum Subscription of $22,000,000	Percentage of funds (%)
Sources		
Funds raised from the Offer	$22,000,000	92%
Grant of Chilalo Project Royalty	$2,000,000	8%
Total	$24,000,000	100%
Allocation		
Lender Debt Repayment	$9,500,000	40%
Marvel Cash Consideration [1]	$2,000,000	8%
Costs of the Offer	$1,758,876	8%
Exploration and tenement costs	$1,500,000	6%
DFS optimisation and downstream studies	$1,000,000	4%
Downstream studies / investments in downstream opportunities	$2,500,000	10%
Graphite product qualification and marketing costs	$450,000	2%
ESG compliance	$400,000	2%
Early works	$1,100,000	4%
Working capital	$3,791,124	16%
Total	$24,000,000	100%

1. *If PL 11034/2017 is not reinstated on or before 31 December 2021, the Marvel Cash Consideration is reduced to $1,000,000 and the remaining $1,000,000 will be applied to working capital.*

Table 42: Expenditure program (detailed breakdown)

Expenditure program	Total	Year 1	Year 2
Exploration and tenement costs			
Drilling and fixed loop electro magnetics programs	$1,400,000	$1,400,000	-
Tenement costs	$100,000	$50,000	$50,000
DFS optimisation			
DFS optimisation study	$800,000	$800,000	-
Other studies	$200,000	$200,000	-
Downstream studies / investments in downstream opportunities	$2,500,000	$2,500,000	-
Graphite product qualification and marketing costs	$450,000	$250,000	$200,000
Project early works	$1,100,000	$1,100,000	-
Total	**$6,550,000**	**$6,300,000**	**$250,000**

CSA Global has reviewed the proposed use of funds and is of the opinion that the scope of technical work planned at the Chilalo Graphite Project is an appropriate use of funds to continue project development, and build on the DFS taking the project through towards start-up.

The proposed ongoing geophysical exploration activities will also extend the existing mineralisation and assure continuance of the pipeline for the Project.

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12 Glossary

Below are brief descriptions of some terms used in this report. For further information or for terms that are not described here, please refer to internet sources such as Wikipedia (www.wikipedia.org).

Acid rock drainage	Contaminated water caused by drainage through acid-generating rocks.
Aeromagnetic	Refers to measurement of magnetic qualities of rocks using an aeroplane-mounted instrument.
Altered, alteration	Refers to physical or chemical change in a rock or mineral subsequent to its formation.
Amorphous graphite	Crystalline fine-grained graphite where the crystalline size is not evident to the eye. Usually formed by metamorphism of coal seams.
Amphibolite	A metamorphic crystalline rock consisting mainly of amphiboles and some plagioclase.
Amphibolite facies	The set of metamorphic mineral assemblages (facies) which is typical of regional metamorphism between ~450°C and 700°C.
Anomaly	Zone or point in the soil or underlying rock determined by exploration methods to be different from its general surroundings.
Assay	Test to determine the content of various chemical elements in a sample.
Backfill	Material used to fill mined-out stope voids.
Ball mill	A rotating cylindrical mill using iron balls to reduce broken ore to powder to assist the release of constituent minerals.
Base metal	Non-precious metal usually referring to copper, lead, zinc.
Basement	Generally refers to the older cratonic rocks below sedimentary basins.
Batters and berms	Technical terms for the components of a final pit wall. The slope batters are typically 10–20 m high vertically and have slopes between 40° and 70°. The horizontal berms between the batters are typically 5–10 m wide.
D50	Average particle diameter of a sample, by mass.
Downhole electromagnetics	A method of geophysical exploration.
Diamond drilling	Drilling method, where the rock is cut with a diamond bit, to extract cores.
Dip	The angle that a structural surface, i.e. a bedding or fault plane, makes with the horizontal measured perpendicular to the strike of the structure.
Electromagnetics	Geophysical exploration method using the measurement of secondary electromagnetic fields induced in the earth by the application of an electromagnetic field on the surface.
Exploration Target	An Exploration Target is a statement or estimate of the exploration potential of a mineral deposit in a defined geological setting where the statement or estimate, quoted as a range of tonnes and a range of grade (or quality), relates to mineralisation for which there has been insufficient exploration to estimate a Mineral Resource.
Felsic	Igneous or metamorphic rock made of light-coloured minerals such as quartz and feldspar.
Flake graphite	Flat shaped graphite particles occurring as isolated flakes within a host rock. The flakes are sub 1 mm to a few millimetres in two dimensions and sub 1 mm in the third dimension.
Fixed loop electromagnetics	A method of geophysical exploration.
Flotation	Froth flotation is a process for selectively separating hydrophobic materials from hydrophilic minerals. Graphite is hydrophobic.
Geophysics	The study of the Earth using quantitative physical methods to measure its electrical conductivity, gravitational and magnetic fields.

Gneiss	A rock type of granitic composition formed by high-grade regional metamorphic processes from pre-existing rock formations. It is layered and characterised by alternating darker and lighter coloured bands, called gneissic banding.
Graphite	Crystalline form of carbon. Very soft, with perfect basal cleavage. Properties include electrical conductivity, high temperature stability and lubricity.
Granulite	Medium to coarse grained rocks formed by high temperature metamorphism greater than about 700°C, composed mainly of feldspars with quartz and anhydrous ferromagnesian minerals.
JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.
Kaolinite	A clay mineral, with the chemical composition $Al_2Si_2O_5(OH)_4$.
Mesh number	Number of openings per linear inch in a sieve. The higher the mesh number, the smaller the openings in a sieve (e.g. 50 mesh = 0.3 mm openings; 100 mesh = 0.15 mm openings; 200 mesh = 0.075 mm openings).
Metamorphism	Term used to describe the effect on rocks due to heat and pressure from geological conditions and events.
Mica	Hydrated alumino silicate sheet minerals having nearly perfect basal cleavage.
Mineral Resource	A Mineral Resource is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality) and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge including sampling. Mineral Resources are subdivided in order of increasing geological confidence, into Inferred, Indicated and Measured categories.
Mineralisation	Geological occurrence of mineral of potential economic interest, in this case graphite.
Modifying Factors	"Modifying Factors" are considerations used to convert Mineral Resources to Ore Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social, and governmental factors.
Ore Reserve	An "Ore Reserve" is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Prefeasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified.
Oxidised rock	Rock which has been broken down by the influences of water and air and which becomes softened and partially decomposed. Also described as weathered rock.
Particle size distribution	Often measured using sieves, where a sample is separated onto different size sieves. The limits of a particle size distribution are usually defined according to the size ranges present in a sample.
Reverse circulation	Drilling method where drill cuttings are returned to surface inside the drill rods. The drilling mechanism is a pneumatic reciprocating piston known as a "hammer" driving a tungsten-steel drill bit. Also described as reverse circulation percussion.
Sillimanite	Alumina silicate mineral Al_2SiO_5.
Sulphide mineral	Minerals that contain Sulphur as the major anion.
Synthetic graphite	Produced by the calcination of carbon, typically petroleum coke.
TGC %	Total graphitic carbon %.
Tonne	Metric tonne (1,000 kg).
Vein graphite	Occurrences of graphite in planar form as veins.

13 Abbreviations and Units of Measurement

%	percent
°	degrees
°C	degrees Celsius
µm	micron
A$	Australian dollars
AIG	Australian Institute of Geoscientists
Al	aluminium
ALS	ALS Limited
AMD	acid and metalliferous drainage
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
AusIMM	Australasian Institute of Mining and Metallurgy
bcm	bank cubic metre(s)
C	carbon
Ca	calcium
cm	centimetre(s)
CO_2	carbon dioxide
CSA Global	CSA Global Pty Ltd
DCF	discounted cash flow
DFS	definitive feasibility study
DHEM	downhole electromagnetic(s)
EM	electromagnetic(s)
ESIA	environmental and social impact assessment
Evolution	Evolution Energy Minerals Limited
Fe	iron
FLEM	fixed loop electromagnetic(s)
FOB	Free on Board
FS	feasibility study
g	gram(s)
Graphex	Graphex Mining Limited
ha	hectares
IDS	inverse distance squared
IPO	initial public offering
IRR	internal rate of return
K	potassium
kg	kilogram(s)
km	kilometre(s)
km^2	square kilometres
kt	kilo (or thousand) tonnes
ktpa	thousands of tonnes per annum
L/s	litres per second

LOI	loss on ignition
m	metre(s)
M	million(s)
m^2	square metres
Marvel	Marvel Gold Limited
MB	Mozambique Belt
ML	mining licence
mm	millimetre(s)
Mm^3	million cubic metres
MRE	Mineral Resource estimate
Mt	million tonnes
Mtpa	million tonnes per annum
Na	sodium
NAF	non-acid forming
Ngwena	Ngwena Tanzania Limited
NPV	net present value
OK	ordinary kriging
OHMS	Open House Management Solutions
PAF	potentially acid forming
PFS	prefeasibility study
PSD	particle size distribution
RC	reverse circulation
RCP	reverse circulation percussion
ROM	run of mine
S	Siemen
SD	standard deviation
SiO_2	silicon dioxide (or silica)
t/m^3	tonnes per cubic metre
TGC	total graphitic carbon
tpa	tonnes per annum
TSF	tailings storage facility
US$	United States of America dollars
USGS	United States Geological Survey
VTEM	versatile time domain electromagnetic(s)
WRD	waste rock dump
wt.%	weight percent

Appendix A JORC Table 1

Section 1: Sampling Techniques and Data

Criteria	Commentary
Sampling techniques	**Pre-2018 drilling programs** Reverse circulation (RC) drilling was used to collect 1 m downhole samples for the laboratory analysis. Typically, a 1–2 kg sample was collected using a cone splitter or during 2016 drilling, a representative 1/8 sample was collected using a three-tier riffle splitter. Samples were composited to 2 m numbered and bagged before dispatch to the laboratory and sent for combustion infrared detection (LECO) analyses. All RC samples were submitted for analysis. HQ diamond core was geologically logged and sampled to corresponding 2 m composite RC intervals when twinning an RC hole, otherwise sampling was to geological contacts with nominal sample lengths between 0.25 m and 1.5 m. HQ quarter-core samples were collected by diamond blade rock saw, numbered and bagged before dispatch to the laboratory and sent for LECO analyses. All core samples were submitted for analysis. Commercial reference materials (CRMs) and field duplicate samples were regularly included into the sample stream for both RC and diamond to monitor analytical accuracy and sampling precision. Sampling is guided by IMX Resources' standard operating and quality assurance/quality control (QAQC) procedures. **2018 drilling program** Samples were collected on 1 m basis within the same zone (i.e. within High Grade, Low Grade, and Waste). When there is a change in zone, samples were collected based on the lithological boundaries of mineralisation, with minimum sample length of 0.5 m and maximum length of 1.5 m and sent for LECO analyses graphitic carbon and sulphur content. All resource holes cores were submitted for analysis. For the pit geotechnical and tailings storage facility (TSF) sterilisation holes, the mineralised zones were selected and submitted for assaying. CRMs and field duplicate samples were used to monitor analytical accuracy and sampling precision. Sampling is guided by the Graphex Mining Limited (Graphex) standard operating and QAQC procedures. PQ (resource holes) and NQ (pit geotechnical and TSF sterilisation holes) diamond cores were geologically logged and sampled. Core is quarter cored by diamond blade rock saw, numbered and bagged before dispatch to the laboratory for preparation and analysis. Core is routinely photographed wet and dry.
Drilling techniques	**Pre-2018 drilling programs** Diamond and RC holes were drilled in a direction to intersect the mineralisation orthogonally. RC holes were drilled using a 140–146 mm face sampling hammer button bit. The RC drilling was completed using either a Schramm 450 or UDR 650 drill rig with additional booster and auxiliary used as required to keep samples dry and produce identifiable rock chips. Diamond holes were drilled using HQ diameter (63.5 mm) core bit with standard inner tubes to target depth. The diamond drilling was completed using a conventional wire-line core rig. Core orientations were measured every drilled run, either 3 m or 1.5 m. Downhole directional survey was taken every 30 m to ensure target was reached. **2018 drilling program** Diamond holes were drilled in a direction to intersect the mineralisation orthogonally. Metallurgical drillholes were targeted down dip or vertically to obtain maximum amounts of mineralised material to provide suitable samples for metallurgical testing. Diamond drilling with standard inner tubes PQ3 and NQ are drilled to target depth. Diamond drilling was completed using a conventional wireline rig. Core orientations were measured every drilled run either 3 m or 1.5 m. Downhole directional survey was taken every 30 m to ensure target was reached.

Criteria	Commentary
Drill sample recovery	**RC drilling** Sample quality and recovery of RC drilling was continuously monitored during drilling to ensure that samples were representative, and recoveries maximised. RC sample recovery was recorded using sample weights. **Diamond drilling** Diamond core recoveries in fresh rock are measured in the core trays per drilling run. Diamond core is reconstructed into continuous runs and marked with bottom-of-hole orientation lines. Depths are checked against depths marked on core blocks. Rock quality designation (RQD) is also recorded as part of the geological logging process. Core recoveries were good – typically >95%. There is no discernible relationship between sample recovery and total graphitic carbon (TGC) grade. Diamond twinning of RC holes has demonstrated a minimal downwards bias in RC TGC grade.
Logging	**RC drilling** Detailed geological logging of RC holes captured various qualitative and quantitative parameters including lithology, mineralisation, colour, texture, and sample quality. RC holes were logged at 1 m intervals. RC chip trays are photographed, wet and dry for future reference. **Diamond drilling** Detailed geological logging of all diamond holes captured various qualitative and quantitative parameters including mineralogy, colour, texture, and sample quality. All diamond core has been geologically and geotechnically logged to a level of detail to support Mineral Resource estimation. Logging data is collected via rugged laptops. The data is subsequently loaded into a dedicated fully relational geological database (Datashed) hosted by a consultant (rOREdata Pty Ltd) for storage. Core is regularly photographed wet and dry for future reference. All holes drilled have been geologically logged in their entireties.
Subsampling techniques and sample preparation	**RC drilling** RC samples were sampled dry and routinely taken at 1 m intervals. This was completed either directly with a 1–2 kg sample retrieved from a regularly cleaned cone splitter or a representative 1/8 sample taken from a regularly cleaned three-tier riffle splitter. The remainder of the drilled sample was recovered in a large plastic bag. RC 1 m samples were then composited into a 2 m sample using a laboratory deck splitter, or where possible sampled to nearest 1m geological boundary. A small fraction of RC samples returned to the surface wet. These samples were dried prior to sampling. All samples were submitted for assay. All RC samples were labelled such that they corresponded to remainder samples if further analysis was required. **Diamond drilling** Core is cut with a diamond saw into half core and then one half into quarter core. A quarter of the core, sampled to 1 m or lithological boundaries, is sent to the laboratory for assay. A quarter core is archived. A half core is reserved for any other required testwork such as metallurgical, acid and metalliferous drainage (AMD) etc. **All drilling** Control samples (blanks, field duplicates and commercial standards) are inserted into the sample stream every 20th sample (one standard, one blank, one site duplicate) or not less than 5% of all collected samples for each control sample. Additionally, one standard, one blank and one site duplicate will be inserted for every 20 m of mineralisation intersected. A mineralised zone is a zone greater than 5 m with a visual estimate of more than 5% graphite. Internal dilution of non-mineralisation (up to 5 m) can be included in the mineralised thickness. High valued standards are preferably inserted within the strong mineralisation. Similarly, low valued standards are inserted within the weak mineralisation. A mineralised zone is a zone greater than 5 m with a visual estimate of more than 5% graphite. Samples were stored on site prior to being transported to the laboratory.

Criteria	Commentary
	Samples were marked with unique sequential numbering to ensure controls against sample loss or omission. Samples were sorted, dried and weighed at the laboratory where they were then crushed and riffle split to obtain a sub-fraction for pulverisation, in preparation for sample analysis.
Quality of assay data and laboratory tests	**Pre-2018 drilling programs** All RC and diamond samples were submitted to ALS for both sample preparation and analytical assay. Samples were sent to the ALS laboratory in Mwanza (Tanzania) for sample preparation. Samples are crushed to >70% passing -2 mm and then pulverised to >85% passing-75 µm. For all samples, a split of the sample is analysed by means of a combustion infrared detection method using a LECO analyser to determine TGC (ALS Minerals Codes C-IR18). Majority (97%) of samples have also been assayed for total sulphur by means of a combustion infrared detection method using a LECO analyser (ALS Minerals Code S-IR08). Laboratory duplicates and standards were also used as quality control measures at different subsampling stages. 76 samples were sent for umpire laboratory testing, with the results validating the accuracy of the primary laboratory assay results. Examination of all the QAQC data indicates that the laboratory performance has been satisfactory for both standards, with no failures and acceptable levels of precision and accuracy. **2018 drilling program** All samples were submitted to ALS laboratory in Johannesburg, South Africa for sample preparation and analytical assay. Samples are crushed to >70% passing -2 mm and then pulverised to >85% passing -75 µm. For all samples, a split of the sample is analysed using a LECO analyser to determine graphitic carbon and sulphur content (ALS Minerals Codes C-IR18 and S-IR08). Laboratory duplicates and standards were also used as quality control measures at different subsampling stages. 148 samples were sent for umpire laboratory testing at the SGS Randfontein, South Africa laboratory. Analysis of the results showed an insignificant upward bias (+2.1%) in the primary laboratory mean grade results, few outliers and over 95% passing 10% half absolute relative difference. The results are considered to validate the accuracy and precision of the primary laboratory assay results. Examination of all the QAQC data indicates that the laboratory performance has been satisfactory for both standards, with very few failures and acceptable levels of precision and accuracy. CSA Global Pty Ltd (CSA Global) believes that laboratory accuracy and precision has been sufficiently demonstrated to use the drill assay data with a reasonable level of confidence in a Mineral Resource estimate (MRE).
Verification of sampling and assaying	Senior Ngwena Tanzania Ltd (Ngwena)/Graphex geological personnel supervised the sampling, and alternative personnel verified the sampling locations. External oversight is established with the contracting of an external consultant to regularly assess on site standards and practices to maintain best practice. Six RC holes have been twinned by diamond drilling core holes to assess the degree of intersection and grade compatibility between the dominant RC samples and the twinned core Assay data is loaded directly into the fully relational Datashed geological database which is hosted and managed by an external database consultancy. Visual comparisons will be undertaken between the recorded database assays and hard copy records at a rate of not less than 5% of all loaded data. No adjustments have been made to assay data.
Location of data points	Drillhole collar locations have been surveyed using a handheld global positioning system (GPS) with an accuracy of 5 m for easting, northing and elevation coordinates. Drillhole collars where re-surveyed using a differential GPS with an accuracy of <5 cm at the end of the program. Collar surveys are validated against planned coordinates and the topographic surface. Downhole surveys are conducted during drilling using a Reflex single shot every 30 m. The primary (only) grid used is UTM WGS84 Zone 37 South datum and projection.

Criteria	Commentary
	The topographic surface used in resource modelling has been generated from the contour data generated from the UAV surveys completed by Atlas Geophysics in 2017 and spot heights and collar surveys data captured using differential GPS.
Data spacing and distribution	The Chilalo deposit has been sampled using RC and diamond core drilling over a number of drilling campaigns, with initial drilling completed on a nominal 200 m x 200 m grid. Subsequent infill drilling programs have sequentially reduced the grid spacing to a nominal 50 m drill spacing on drill section lines nominally 100 m apart along strike. Six geotechnical drillholes have been completed between 200 m and 400 m apart, designed to provide information on the stability of the pit walls. Metallurgical drilling (two holes) was aimed at collecting enough mineralised material for metallurgical testwork. One of the metallurgy holes was drilled down dip, the main high-grade mineralisation zone and the second one was drilled vertical at about section 472,000 m E.
Orientation of data in relation to geological structure	All drillholes have been orientated to intersect the graphitic mineralisation as close to perpendicular as possible. From surface mapping of the outcrops in the area, trenching and already completed modelling, the interpreted mineralisation zones, dip at angles of between 50° and 60° to the south to south-southwest. The drilling was hence planned at a dip of -50/60° oriented 315–360°. The orientation of drilling is not expected to introduce any significant sampling bias.
Sample security	All samples are marked with unique sequential numbering to ensure controls against sample loss or omission. This number was retained during the entire process. The samples are cut, packed and locked in the offices at Ntaka camp (at site) which have 24-hour security prior to transportation by locked commercial truck carrier. Prior to the 2018 drilling campaign, samples were trucked to the ALS Mwanza sample preparation facility, which then prepared and shipped the sealed prepared samples to the ALS Brisbane laboratory for analysis. For the 2018 drilling campaign, the samples were transported to Dar-es-Salaam by locked commercial truck carrier due to the ALS Mwanza facility having been shut down. An export permit is processed while samples are kept at the Dar-es-Salaam offices with 24 hours security prior to being sealed by government officials from the ministry of minerals. The sealed samples were then air freighted to the ALS laboratory in Johannesburg, South Africa by DHL courier.
Audits or reviews	An independent consultant from CSA Global, with expertise in graphite, completed a site visit prior to and upon commencement of drilling to ensure the sampling protocol met best practices to conform to industry standards.

Section 2: Reporting of Exploration Results

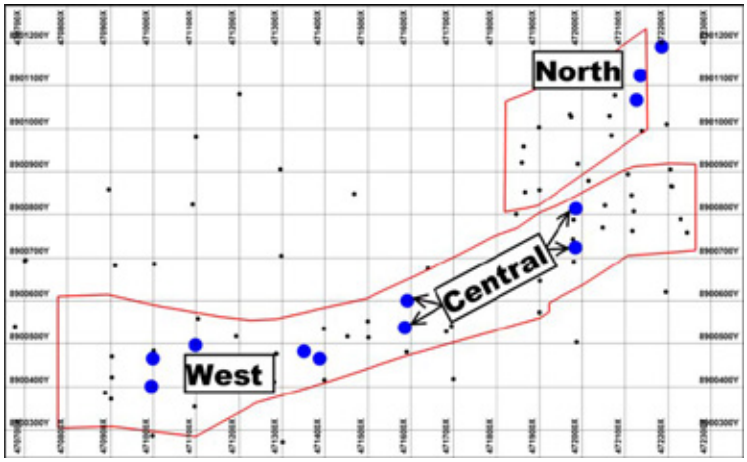
Criteria	Commentary
Mineral tenement and land tenure status	There are three Prospecting Licences and one Mining Licence that collectively cover an area of 131.15 km2, as shown in Figure 5 and outlined in Table 5 in Section 3.2 of this report. The Chilalo tenements are 100% held by Evolution Energy Minerals Limited (Evolution) through its Tanzanian subsidiary, Ngwena Tanzania Limited (Ngwena). All licences are currently in good standing. The Mineral Resources reported in this announcement are on granted mining licence ML 569/2017 which is owned by Ngwena, a wholly owned subsidiary of Evolution. ML 569/2017 is currently valid and in good standing.
Exploration done by other parties	Exploration has been performed by an incorporated subsidiary company of Evolution, Ngwena. Stream sediment surveys carried out historically by BHP were not assayed for the commodity referred to in the announcement.
Geology	The regional geology is comprised of late Proterozoic Mozambique mobile belt lithologies consisting of mafic to felsic gneisses interlayered with amphibolites and metasedimentary rocks. The mineralisation consists of a series of intercalated graphitic horizons within felsic gneiss (siliceous and aluminous rich sediments), amphibolites (mafic sourced material) and rarely high purity marble horizons.
Drillhole information	All relevant drillhole information has been previously reported to the Australian Securities Exchange (ASX). No material changes have occurred to this information since it was originally reported. All relevant data has been reported.
Data aggregation methods	Not relevant when reporting Mineral Resources.
Relationship between mineralisation widths and intercept lengths	Not relevant when reporting Mineral Resources.
Diagrams	Refer to figures within the main body of this report.
Balanced reporting	Not relevant when reporting Mineral Resources.
Other substantive exploration data	A versatile time domain electromagnetic (VTEM) geophysical survey was initially completed over a large portion of the Nachingwea Property. It identified numerous anomalies which were likely to be associated with graphite mineralisation. Based on the VTEM data a number of the identified targets were drilled in 2014 and the Chilalo high-grade deposit was discovered. Downhole electromagnetic (DHEM) surveys were carried out on 18 of the RC drillholes completed in 2014; nine diamond holes completed in 2015, five RC drillholes completed in 2016 and 11 diamond holes completed in 2018. The DHEM survey data were acquired by Graphex's in-house survey crew and equipment (EMIT probe and receiver, and Zonge transmitter). The aim of the DHEM survey campaign was to detect known and off-hole electromagnetic (EM) responses associated with graphite mineralisation. The EM responses were modelled by Resource Potentials Pty Ltd to determine the location, orientation and size of the conductors associated with graphite mineralisation. The modelled DHEM conductor plate wireframes were provided in 3D DXF format to assist in geological modelling. Fixed loop electromagnetic (FLEM) surveys were carried out during the 2015 and 2016 field seasons to collect ground EM data over multiple linear conductive graphitic horizons identified in the existing versatile time-domain EM (VTEM) survey data. Graphexs' in-house Zonge GGT-10 transmitter, a SmartEM 24 receiver and a Smart Fluxgate 3-component B-Field sensor and personnel were used for the FLEM surveying. All other meaningful exploration data concerning the Chilalo Project has been reported in previous reports to the ASX. No other exploration data is considered material in the context of the MRE which has been prepared. All relevant data has been described in Section 1 and Section 3 of JORC Table 1.
Further work	A Definitive Feasibility Study (DFS) is currently being prepared and is expected to be completed in the December Quarter of 2019 Figures are provided within the main body of this report.

Section 3: Estimation and Reporting of Mineral Resources

Criteria	Commentary
Database integrity	Data used in the MRE is sourced from a database export. Relevant tables from the database are exported to Microsoft Excel format and converted to CSV format for import into Datamine Studio 3 software. Validation of the data import include checks for overlapping intervals, missing survey data, missing assay data, missing lithological data, and missing collars.
Site visits	Representatives of the Competent Person have visited the Project on several occasions, most recently in June 2015. The Competent Person's representatives were able to review drilling and sampling procedures, as well as examine the mineralisation occurrence and associated geological features. All samples and geological data were deemed fit for use in the MRE.
Geological interpretation	The geology and mineral distribution of the system appears to be reasonably consistent through the core high-grade zone. Modelling of the geology of the Chilalo Main deposit has been updated to reflect the results of drilling completed in in 2018. The 2018 drilling was primarily focused on infill to upgrade confidence in the geological and grade continuity of the deposit in the southwest extension of the Main deposit and on extension and infill for the North deposit similarly to upgrade confidence in the geological interpretation and continuity, and grade continuity. Any structural influences are not expected to be significant through the core high-grade zone of the Chilalo Main deposit, where the drilling and geophysical data have shown good geological and grade continuity; however structural influences are at noted at roughly 471,280 m E with a strike change noted in the Main deposit and a linear topographic feature trending northwest to southeast. The structural influences are not anticipated to significantly alter interpreted mineralisation volumes or grades in the area of intersection with the main zone mineralisation. The mineralisation zones to the north of the eastern side of Main deposit appear separated from the Main deposit by a structural feature evidenced by a topographic low between the deposits. The North deposit mineralisation has a southward dip and appears to be structurally terminated to the east, south and west. Drillhole intercept logging, assay results, DHEM and FLEM modelling have formed the basis for the mineralisation domain interpretation. Assumptions have been made on the depth and strike extents of the mineralisation based on drilling and geophysical information. The extents of the modelled zones are constrained by the information obtained from the drill logging and geophysical data. Alternative interpretations are unlikely to have a significant influence on the global MRE. An overburden layer with an average thickness of 2.5 m has been modelled based on drill logging and is depleted from the model. Graphex geologists have updated weathering logging in drillholes to ensure interpretive consistency across drilling campaigns. This updated weathering data has been provided to CSA Global and used in concert with visual validation using core and chip photographs, as well as sulphur analysis values to generate weathering surfaces for base of complete oxidation and top of fresh rock. Interpretations of the geological units of the Chilalo Project area have been generated by Graphex geologists. A mineralisation interpretation based on a nominal TGC% cut-off grade of 5% for the core higher-grade lenses and a nominal 2% for the surrounding lower-grade lenses has been generated by CSA Global and correlated with the geological interpretation reasonably well. Continuity of geology and grade can be identified and traced between drillholes by visual, geophysical and geochemical characteristics. Additional data is required to more accurately model the effect of any potential structural or other influences on the down dip and strike extents of the defined mineralised geological units. Confidence in the grade and geological continuity is reflected in the Mineral Resource classification.
Dimensions	In the Chilalo Main deposit the core high-grade mineralisation (>5% TGC) interpretation consists of two lenses. The main footwall lens strikes towards 250°, dipping roughly 50° towards 160°, with a strike length of roughly 1.1 km from the northeast towards the southwest, and a further strike length of roughly 500 m, after a strike change to 250° at about 471280 m E with a dip roughly 40° towards 180°. The average interpreted depth is approximately 200 m below surface and the true thickness is approximately 25 m for the eastern half and 10 m for the western half. The secondary high-grade lens is interpreted to be approximately 1.1 km long in the hangingwall of the western two thirds of the main lens from roughly 471800 m E extending to the west. It is interpreted to be between 40 m in depth in the east, and 160 m in depth in the west, and between 2 m and 15 m in true thickness with a similar strike and dip to the main lens.

Criteria	Commentary
	The low-grade mineralisation (>2% TGC) lenses enclose the high-grade lenses and are in the hangingwall above them and have similar strike and depth extents over the classified portions of the model. Some of the low-grade lenses are interpreted to continue along strike to the west for approximately 800 m, but these portions of the model are not classified due to insufficient data and therefore lower confidence. These lenses are generally about 5–15 m in true thickness. At the Chilalo North deposit, the core high-grade mineralisation (>5% TGC) interpretation consists of two lenses. The hangingwall lens strikes towards 240°, dipping roughly 45° towards 150°, with a strike length of roughly 500 m from the northeast towards the southwest. The average interpreted depth is approximately 150 m below surface, ranging between roughly 110 m on the eastern and western ends to a maximum roughly 180 m near the centre. True thickness ranges between roughly 6 m on the eastern and western extremities through a maximum of roughly 30 m near the centre. The footwall lens has a very similar strike and dip geometry to the footwall lens but extends about 90 m below surface in the east and 120 m below surface in the west and up to about 230 m near the centre. The average true thickness of this lens is roughly 7 m in the east and 6 m in the west. The interpreted low-grade mineralisation (>2% TGC) lenses enclose the high-grade lenses or are between or in the hangingwall above them. They have similar strike and depth extents to the high-grade lenses. The average true thickness of the two larger low-grade lenses that enclose the high-grade lenses is roughly 40 m in the centre to 10 m in the east and west for the hangingwall lens, and the footwall lens is on average about 12 m.
Estimation and modelling techniques	The mineralisation has been estimated using ordinary kriging (OK). Two >5% TGC high-grade lenses and four >2% low-grade lenses were interpreted at the Chilalo Main deposit, with two high-grade lenses and six low-grade lenses in the Chilalo North East deposit. Samples were selected within each lens for data analysis. Statistical analysis was completed on each lens to determine if any outlier grades required top cutting. Statistical analysis to check grade population distributions using histograms, probability plots and summary statistics and the coefficient of variation, was completed on each lens for the estimated element. The checks showed there were no significant outlier grades in the interpreted cut-off grade lenses. The few modestly outlying values were visually assessed and found to reflect true higher-grade zones, having some continuity, but which were not large enough to separately model. These areas were checked during the model validation process to verify they did not unduly influence the grade estimation. An inverse distance squared (IDS) grade estimate was completed concurrently with the OK estimate in a number of estimation runs with varying parameters. Block model results are compared against each other and the drillhole results to ensure an estimate that best honours the drill sample data is reported. No mining has yet taken place at these deposits. No mining assumptions have been made. Sulphur has been estimated into the model for possible future use by mine engineers and metallurgists in terms of processing and water quality. Interpreted domains are built into a sub-celled block model with a 10 m(N) x 25 m(E) x 5 m(RL) parent block size. Search ellipsoids for each lens have been separately orientated based on their overall geometry. To accommodate the strike change in the interpreted mineralisation lenses in the Chilalo Main deposit, additional search ellipsoid orientations have been defined for each affected lens. Block size, sample numbers per block estimate, ellipsoid axial search ranges and block discretisation have been tailored based on the results of a kriging neighbourhood analysis. The search ellipse is doubled for a second search pass and increased 20-fold for a third search pass to ensure all blocks are estimated. Sample numbers required per block estimate have been reduced with each search pass. Hard boundaries have been used in the grade estimate between each individual interpreted mineralisation lens. Soft boundaries are used within each lens to accommodate the strike changes and associated adjusted search ellipsoids. Validation checks included statistical comparison between drill sample grades, the OK estimate and the IDS estimate results for each zone. Visual validation of grade trends along the drill sections was completed and trend plots comparing drill sample grades and model grades for northings, eastings and elevation were completed. These checks show reasonable correlation between estimated block grades and drill sample grades. No reconciliation data is available as no mining has taken place.

Criteria	Commentary
Moisture	Tonnages have been estimated on a dry, in situ basis, and samples were generally dry. No moisture values could be reviewed as these have not been captured, with core samples being dried before density measurements.
Cut-off parameters	Visual analysis of the drill assay results demonstrated the higher-grade zones interpreted at the nominal lower cut-off grade of 5% TGC corresponds to a natural grade change from lower to higher grade mineralisation. The lower cut-off interpretation of 2% TGC corresponds to natural break in the grade population distribution. Graphex verbally confirmed that early indications from metallurgical testing show that the lower-grade material is capable delivering good quality flake material. Since this material is also primarily located in the hangingwall, and it would need to be mined in an open cut to access deeper portions of the higher-grade zones, it has been classified as Inferred as it may be possible to economically beneficiate.
Mining factors or assumptions	It has been assumed that these deposits will be amenable to open cut mining methods and are economic to exploit to the depths currently modelled using the cut-off grade applied. No assumptions regarding minimum mining widths and dilution have been made.
Metallurgical factors or assumptions	**2015 "Chilalo Main" Mineral Resource** 32 quarter-core samples from four boreholes were selected for thin section examination by Townend Mineralogy, mainly to identify weathering zones and to assess graphite flake size and likely liberation characteristics. Minerals such as jarosite, opaline silica, clays and goethite have replaced iron-sulphides and silicate minerals to depths of 20–30 m downhole. This mineral assemblage is interpreted to define the Oxidised Zone. There is significant weathering/alteration in the high-grade graphite domain, resulting particularly in the breakdown of sillimanite to kaolin which occurs to depths of approximately 50 m downhole. The occurrence of kaolinised sillimanite (plus Fe sulphides) is interpreted to define the Transitional Zone. There appears to be two graphite populations in terms of flake width: (i) thin flakes generally less than about 100 µm width and up to about 1 mm in length, in lithologies with between about 2% and 5% TGC; and (ii) flakes up to 1 mm thick and several millimetres in length in rocks with more than about 5% graphite. Metallurgical composites were prepared at SGS laboratory in Perth from diamond drill core, to form representative fresh and transitional ore samples. The metallurgical composites were crushed to minus 3.35 mm and demonstrate that highest TC grades are in the coarse size fractions greater than about 0.25 mm. Cleaner flotation testwork on fresh and transitional composites using five stages of cleaning produced final graphite concentrates at target grade TGC >94% and up to 95% graphite recovery, maintaining a favourable coarse particle size distribution (PSD) – 40–70% of the flakes are >150 µm). Testwork on oxide composites using a standard flotation procedure has demonstrated high graphite recovery. The preliminary testwork program demonstrated that the mineralisation is amenable to the production of high-grade graphite concentrates, at coarse flake sizes, using relatively simple flotation processes. Additional metallurgical testwork on each mineralisation and weathering domain is required to verify and refine the initial findings. **2017 "Chilalo North East" Mineral Resource** 19 composite RC chip samples from three boreholes NRC16-181, NRC16-184 and NRC16-185 were selected for thin section examination by Townend Mineralogy. The objective was to identify weathering zones, to assess graphite flake size and likely liberation characteristics in addition to comparison with the Main deposit. It is cautioned that RC chip samples are not expected to be as representative as diamond core samples, given that the RC chips exclude fine powders generated by the RC percussion method. Minerals such as jarosite, opaline silica, clays and goethite have replaced iron-sulphides and silicate minerals to depths of 15–30 m downhole. This mineral assemblage is interpreted to define the Oxidised Zone. The occurrence of partially kaolinised sillimanite and/or feldspars (plus unoxidised iron-sulphides) is interpreted to define the Transitional Zone which extends to about 30–60 m downhole. The higher-grade parts of the deposit appear to be more deeply weathered than low grade, or unmineralised lithologies.

Criteria	Commentary
	There are several graphite populations in terms of flake width: (i) thin elongate flakes generally less than about 0.1 mm width and up to about 1 mm in length, (ii) flakes up to about 0.5 mm thick and several millimetres in length; and (iii) very small flakes less than about 0.1 mm in length especially within felsic porphyroblasts. It is anticipated that the population of very small flakes <0.1 mm length may not be recoverable; however, as this population does not appear to be significant, this is not expected to materially affect overall metallurgical recoveries. Graphite flakes observed from the high-grade zone of the North East deposit are visually similar to flakes observed from the Main deposit, in terms of shape, size and textural relationships. This suggests that the high-grade part of the North East deposit may have similar metallurgical process response to the Main deposit. **2019 "Chilalo" Mineral Resource** Representative composite samples from the metallurgy laboratory, crushed to -3.35 mm and homogenised through a rotary splitter, were mounted and polished. Each slide was analysed by petrographic microscopy at Townend Mineralogy Laboratory, using a Leica image analysis program. Image analysis suggests that there are two in situ flake populations, with a break at approximately 180–150 µm. Several of the Oxide and Transitional samples show extensive splitting of graphite flakes when in contact with clay minerals. Global composite and variability composites made up from 2018 drill core samples were submitted to ALS Laboratory, Perth, for metallurgical process tests during 2019. The metallurgical composites were grouped according to weathering domains; (i) Oxide and (ii) Transitional and Fresh samples which were combined and described as Fresh. Two global composites were made from across the deposit, described as Global Oxide (three drillholes) and Global Fresh (nine drillholes) from the West, North and Central part of the deposit. Six variability composites were made from across the deposit, described as North Oxide (one drillhole); North Fresh (three drillholes); Central Oxide (one drillhole); Central Fresh (four drillholes); West Oxide (three drillholes) and West Fresh (five drillholes). Example map below showing location of Fresh variability composite drill collars. The red polygons are the outline of the 2017 Inferred Mineral Resource. Map grid is 100 m x 100 m.  Head grades of the composites ranged between ~8% and 14% TGC. The variability samples included individual core sample intervals with grades between ~4% and ~15% TGC, which is considered representative of the "high grade" portion of the deposit. Sulphur values in the head samples were generally low compared with graphite contents and ranged from 0.06% to 0.48% total sulphur in the oxide composites to 1.54% to 2.26% total sulphur in the fresh composites. Sulphide sulphur content in oxide samples is low, as most sulphur in oxidised material is in the form of minerals such as jarosite. Flotation testwork of the composites which were initially stage ground to P100 1.4 mm, and using flash rougher flotation, screening and five stages of cleaning produced final graphite concentrates above target grade TGC >94% and 90–98% graphite recovery. A favourable coarse PSD was maintained, at approximately 60% >180 µm flake size. Metallurgy testwork is continuing; further results are anticipated later in 2019.

Criteria	Commentary
Environmental factors or assumptions	No assumptions regarding waste and process residue disposal options have been made. It is assumed that such disposal will not present a significant hurdle to exploitation of the deposit and that any disposal and potential environmental impacts would be correctly managed as required under the regulatory permitting conditions.
Bulk density	In situ dry bulk density values have been applied to the modelled mineralisation based on the average measured values for each of the weathering zones. Of the 1,141 measurements taken that were considered valid for analysis, 12 are in the interpreted overburden zone, 197 fall within the interpreted weathered zone, 559 in the transitional zone and 373 in the fresh zone. Density measurements have been taken on drill samples from all different lithological types, using water displacement methods. Weathered material was wax coated prior to immersion, while the non-porous competent rock did not require coating. It is assumed that use of the average measured density for each of the different weathering zones is an appropriate method of representing the expected bulk density for the deposit.
Classification	Classification of the MREs was carried out taking into account the level of geological understanding of the deposit, quality of samples, density data and drillhole spacing. The MRE has been classified in accordance with the JORC Code (2012 Edition) using a qualitative approach. All factors that have been considered have been adequately communicated in Section 1 and Section 3 of this Table. Overall the mineralisation trends are reasonably consistent over numerous drill sections. The Mineral Resource is classified as an Indicated Mineral Resource for those volumes where in the Competent Person's opinion there is adequately detailed and reliable, geological and sampling evidence, supported by geophysical electromagnetic modelling data, which are sufficient to assume geological, mineralisation and quality continuity. The Mineral Resource is classified as an Inferred Mineral Resource where the model volumes are, in the Competent Person's opinion, considered to have more limited geological and sampling evidence, supported by geophysical electromagnetic modelling data, which are sufficient to imply but not verify geological, mineralisation and quality continuity. The MRE appropriately reflects the view of the Competent Person.
Audits or reviews	Internal audits were completed by CSA Global which verified the technical inputs, methodology, parameters and results of the estimate. No external audits have been undertaken.
Discussion of relative accuracy/confidence	The relative accuracy of the MRE is reflected in the reporting of the Mineral Resource as per the guidelines of the JORC Code (2012). The Mineral Resource statement relates to global estimates of in situ tonnes and grade.

Section 4: Estimation and Reporting of Ore Reserves

Criteria	JORC Code explanation	Commentary
MRE for conversion to Ore Reserves	*Description of the MRE used as a basis for the conversion to an Ore Reserve.* *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.*	The MRE for the Chilalo Graphite Project is based on information compiled by Mr Grant Louw a full-time employee of CSA Global under the direction and supervision of Dr Andrew Scogings, who is an Associate of CSA Global. Dr Scogings takes overall responsibility for the report. Dr Scogings is a Member of both the Australian Institute of Geoscientists and Australasian Institute of Mining and Metallurgy and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code, 2012 Edition). Classification of the MREs was carried out taking into account the level of geological understanding of the deposit, quality of samples, density data and drill hole spacing. The Mineral Resource is classified as an Indicated Mineral Resource for those volumes where in the Competent Person's opinion there is adequately detailed and reliable, geological and sampling evidence, supported by geophysical EM modelling data, which are sufficient to assume geological, mineralisation and quality continuity. CSA Global objectively considers the Mineral Resource has reasonable prospected for eventual economic extraction. The MRE is reported inclusive of the Ore Reserve estimate.
Site visits	*Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* *If no site visits have been undertaken indicate why this is the case.*	The Competent Person, Mr Karl van Olden of CSA Global visited the Chilalo Graphite Project in May 2015. The site visit comprised of an inspection of the deposit outcrops and drill sites. The proposed Project area including access roads, proposed process plant site and surrounding areas were visited and inspected on foot by the competent person. Drill core from selected bore holes and outcrop mapping were also inspected during the site visit. The site visit confirmed the status of the Project area and location as reported in the various studies that support this Ore Reserve estimate for the Chilalo Graphite Project. No material changes have occurred since the Competent Person site visit.
Study status	*The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.* *The Code requires that a study to at least Prefeasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.*	Graphex engaged CSA Global to conduct a DFS on mining and GR Engineering to conduct a DFS on processing facility. The study proposed an operation processing 500 ktpa of run-of-mine (ROM) throughput for the entire mine life. The DFS addressed key technical and economic parameters relating to the Chilalo Graphite Project to an appropriate level of confidence. This Ore Reserve estimate considers the Indicated Resource only scheduling scenario of the Chilalo Graphite Project's MRE, applying all the Modifying Factors. The DFS found that the Project is physically and economically viable with a strong internal rate of return and a payback period of approximately 2.5 years. The work undertaken to date has addressed all material Modifying Factors required for the conversion of a MRE into an Ore Reserve estimate and has shown that the mine plan is technically feasible and economically viable. The Ore Reserves have been based on parameters provided by GPX and determined by CSA Global, from relevant technical studies conducted by different companies and rates acquired from different contractors.

Criteria	JORC Code explanation	Commentary
Cut-off parameters	*The basis of the cut-off grade(s) or quality parameters applied.*	The revenue generated from a graphite operation is primarily driven by the flake size distribution of the product. The flake proportion over a series of size categories determines the basket price of the product. The carbon grade (TGC) is not directly related to flake size. Mineral resource has a minimum cut-off of 2% TGC. There is no further cut off applied for the Indicated Resource category. The cut-off between ore and waste also has been determined by net value per block. Total block costs are estimated for all operating costs to the point of sale including processing, product haulage, crusher feed, general and administration, ore differential, sustaining capital, selling costs, and grade control costs. The total block revenue minus the total block costs estimates the net value per block. Any Indicated block returning a positive net value has been defined as "ore" for the purposes of pit design and production scheduling. Any material that has been defined as Mineral Resource that has a negative net value has been defined as "waste". Project economics from the total Project have been considered at the end of the Project iteration to confirm that the cut-off criteria support economic operations for the Chilalo Graphite Project.
Mining factors or assumptions	*The method and assumptions used as reported in the Prefeasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).* *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.* *The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc), grade control and pre-production drilling.* *The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).* *The mining dilution factors used.* *The mining recovery factors used.* *Any minimum mining widths used.* *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.* *The infrastructure requirements of the selected mining methods.*	Input parameters for the pit optimisations were; mining costs based on mining contract rates received from Digmin Mining Contractors; pit geotechnical parameters were provided by Open House Management Solutions (OHMS) geotechnical consultants; mineral processing costs and recoveries from reputable laboratories and GRE, commodity price for a 95% TGC graphite product from GPX. Graphex has taken market studies from various reputable authorities and consultants to price the Chilalo product. These input parameters were reviewed by CSA Global and are considered appropriate for the current graphite world markets. Whittle™ software applied these parameters to the Resource Block Model to estimate an appropriate pit shell which was used as a basis for the pit design. The current pit design is considered suitable for Ore Reserve estimation. A traditional excavator (40–120 tonne) and articulated dump truck (40–50 tonne) configuration have been selected based on a maximum annual mining rate of 5 Mtpa and is appropriate for the design, bench height, mining dilution and recovery applied in the DFS. The selected mining approach is typical for a small to medium scale open pit mining operation. This deposit is going to be mined out as multiple pits and cutbacks. Minimum mining width of 30 m is maintained for the cutback designs. Operations include drill and blast activities for majority of the open pit mining. The waste dump will be progressively rehabilitated to reduce the amount of potentially acid forming (PAF) waste rock exposed throughout the operation. Geotechnical analysis has been undertaken by OHMS. The proposed pit slopes are considered likely to be stable for the current pit design. The Mineral Resource Block Model was estimated by CSA Global. The Mineral Resource Block Model was used for pit optimisation and mine planning after inclusion of additional attributes. The Block Model has block sizes of 25 x 10 x 5 m for the pit designs which is considered suitable for the proposed mining method and equipment selection. The Mineral Resource Block Models were used for optimisation

Criteria	JORC Code explanation	Commentary
		and mine planning after inclusion of additional attributes to become a Mining Model. A fixed value of 10% was used for mining dilution in both pit optimisations and mining and production scheduling. A grade of 0% TGC was assumed for dilution material. As a check, dilution for tonnes and grade was also calculated through a dilution skin method and concluded the selected dilution is reasonable. A fixed value of 95% was used for mining recovery in both optimisations and mining and production scheduling. A minimum mining width of 20 m for normal bench and a minimum cutback width of 30 m was used in the pit design. The pit design has a dual lane ramp of 15 m and a single lane ramp of 10 m for the final 30 vertical metres. Inferred Mineral Resources is not included in the pit optimisation and pit design. Ore Reserve contains only Indicated Resource. A mining and production schedule were completed with Inferred Mineral Resource treated as waste and concluded that conversion of Inferred Mineral Resource to processed product is not required for the overall financial viability of the Chilalo Graphite Project. The Chilalo Graphite Project's DFS addresses the requirements of all site-based infrastructure, power, water, and logistics to establish, build and operate the Project. The planning of these requirements in the DFS comprised of design, budget estimates from suppliers and detailed cost estimates at least to a Prefeasibility Study level of confidence as required by the JORC Code. The appropriate costs of infrastructure and logistics for the establishment and support of the proposed operation are included in the cost estimates for the Project. The company is planning to construct all the infrastructure required to meet the selected mining method and schedule.
Metallurgical factors or assumptions	*The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.* *Whether the metallurgical process is well-tested technology or novel in nature.* *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.* *Any assumptions or allowances made for deleterious elements.* *The existence of any bulk sample or pilot scale testwork and the degree to which such samples are considered representative of the orebody as a whole.* *For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?*	Representative samples have been used to assess the Chilalo Graphite Project mineralisation's amenability to beneficiation by froth flotation, and also to identify the nature, flake size and occurrence of graphite in a selection of drill core samples and flotation products. The testwork was completed in 2015, 2017, 2018, and 2019. The proposed metallurgical process is well established and used successfully in industry for the recovery of graphite. In 2017, a bulk concentrate production pilot plant trial was conducted on two composites, one weathered trench composite (5.8 tonnes) and one fresh Pit composite (1.2 tonnes). In 2019, a representative testwork program completed in ALS Laboratory demonstrates that the ore of the Chilalo Graphite Project is amenable to the production of high-grade graphite product from oxide, transitional, and fresh ore types. ALS testwork considered three stages. Testwork to finalise flow sheet design and provided process engineering data based on program using global fresh and oxide composites produced from samples from the latest drilling campaign based on the objective of maximum graphite flake size preservation at a design target grade of 95% TGC for all flake sizes.

Criteria	JORC Code explanation	Commentary
		Testwork on a number of variability composites identified within the orebody to assess ore variability to established flowsheet. 30–40 tonne bulk trench sample bulk run to validate the established flowsheet, produce bulk concentrate for marketing purposes or materials for any required vendor testing. Approximately 2 tonnes of drill core were delivered to ALS Metallurgy between February and May 2019. These samples were used to form global master composites as well as establishing variability composites for the DFS. The Master composites were split into either Fresh and Oxide ore zone with samples coming from all three areas of the resource (North, Central and West). The samples were selected based on consultation with the Graphex geology consultant and included consideration of sample representivity, appropriate cut off grades, location within the likely pit shells, mineralisation continuity, mining widths, lithology. weathering state and internal waste dilution and spatial spread within the pits. The proposed processing plant will include a two-stage crushing circuit that will deliver product to a storage bin. Ore will be reclaimed from the storage bin and delivered to a two-stage milling circuit. The primary rod mill will operate in closed circuit with a screen. The undersize from the mill product screen will report to a rougher flotation cell for recovery of coarse fast floating graphite. The rougher tail will report to the secondary ball mill operating in closed circuit with cyclones. The undersize from the ball mill cyclones will report to the scavenger cells. The rougher and scavenger concentrate will undergo various stages of cleaning regrinding and screening. Coarse and fine graphite concentrate will be filtered and dried in separately. Dry graphite concentrate will be screened into various product sizes and bagged for shipping. Flotation tailings will report to the tailings hopper thickener and then be pumped to the TSF. Design throughput rates for the Phase 1 processing plant have been set at 500,000 tpa of open pit ore with production of approximately 50,000 tpa of graphite. An effective utilisation of 91% has been used for design purposes. Inclusion of an intermediate crushed ore bin and installed standby equipment will enable this utilisation to be achieved. No specific price adjustments have been made for deleterious elements.
Environmental	*The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.*	Graphex has prepared and submitted to the Tanzanian government, an Environmental and Social Impact Assessment (ESIA) and an Environmental Management Plan as part of the process of granting mining licences for the Project. The mining licence application was submitted and obtained in February 2017. The Chilalo Graphite Project has been issued with an Environmental Certificate by the National Environment Management Council of Tanzania. This certification is a prerequisite for the granting of a mining licence. The appropriate environmental considerations of the Project are included in the Project planning. As part of the preparation of the DFS, Graphex has submitted an updated ESIA to the Tanzanian Government in December 2019.

Criteria	JORC Code explanation	Commentary
Infrastructure	*The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.*	The Chilalo Graphite Project's DFS addresses the requirements of all site-based infrastructure, power, water, and logistics to establish, build and operate the Project. The planning of these requirements in the DFS comprised of design, budget estimates from suppliers and detailed cost estimates to a minimum of DFS level of confidence. The appropriate costs of infrastructure and logistics for the establishment and support of the proposed operation are included in the cost estimates for the Project.
Costs	*The derivation of, or assumptions made, regarding projected capital costs in the study.* *The methodology used to estimate operating costs.* *Allowances made for the content of deleterious elements.* *The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.* *The source of exchange rates used in the study.* *Derivation of transportation charges.* *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.* *The allowances made for royalties payable, both Government and private.*	The capital cost estimate used in the DFS has been compiled based on the design, supply, fabrication, construction, and commissioning of a new graphite processing plant in Tanzania and includes mining equipment, supporting infrastructure, and indirect costs. The estimate for the processing facility is based on the preliminary process design, process design criteria and equipment list, and process flowsheets. Capital estimates have been based upon budget prices quotations for major equipment, in-house data from recent projects, and industry standard estimating factors for equipment and installation costs. The capital cost estimates presented in the DFS are considered to have a minimum overall accuracy of ±15%. The capital cost estimate has been developed in US$. Different independent contractors and experts were engaged by Graphex to generate the cost estimate. The operating cost estimate used in the DFS includes all costs associated with mining, processing, infrastructure, and site-based general and administration costs. The operating cost estimates have been developed in US$. The operating cost estimate has been prepared to an accuracy of ±15%. The operating costs have been estimated from a variety of sources, including; budget quotations received from suppliers; operating cost databases; wages and salaries provided by Graphex and industry sources; estimated based on industry standards from similar operations; first principle estimates based on typical operating data; the mining operating cost estimates have been sourced from a mining contractor by CSA Global. Graphex will offer a base range of carbon purities with the ability for additional processing to meet customer-specific and market mesh size specifications in the future. It is not commercially feasible or economic to have a wide range of carbon purities, yet it is acceptable to have small overlaps in carbon purity specifications to optimise inventory control and accommodate a greater range of market applications. If a customer specifies a particular carbon purity range (LOI), additional processing can be accomplished by adhering to the value-added and/or tighter specifications commanding higher prices from the customer. High purity for natural flake graphite is defined as product with 99.0% LOI and higher. Graphex will have the capability to produce high-purity flake graphite (99.0% + LOI) using standard flotation and processing methods without aggressive chemical intervention. All operating cost estimates have been based in US$. Transportation charges are based on the detailed price provided by a local contractor, Alistair Logistics. Transportation cost was assumed as US$143 per tonne of product. Processing rate has been provided by Graphex based on the studies conducted by the consults engaged by the company.

Criteria	JORC Code explanation	Commentary
		Operating costs and capital costs have been reviewed by CSA Global and are considered reasonable for the intended application. Selling cost include government royalties (3%) and other royalties (1%).
Revenue factors	*The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.* *The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*	The average Graphite price of US$1,500 per tonne of product has been used for Whittle optimisation. Market predictions and trend analysis has been done by Graphex's independent market consultant who provides detailed pricing across multiple markets, applications, and directly from end users. The consultant also uses government publications; dedicated websites to global graphite mining activities and global pricing information; United States Geological Survey (USGS), and the Global Trade Atlas. Graphex believes the price estimates used in the DFS are the most accurate estimates for selling Chilalo graphite. For China prices, Graphex has considered input from Benchmark Mineral Intelligence, RefWin, Industrial Minerals, Graphex's China market consultant and conversations with potential customers.
Market assessment	*The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.* *A customer and competitor analysis along with the identification of likely market windows for the product.* *Price and volume forecasts and the basis for these forecasts.* *For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.*	There is a positive correlation between graphite purity and price. Higher purity graphite product demands a higher price because it requires more processing on the producer side to remove impurities/volatiles within the graphite and opens the product to more applications. In general, larger flake sizes demand a premium price due to producing premium products (expandable graphite applications) and tighter supply conditions. Larger flake material offers greater strength to products due to the structure of the particles. This is a primary reason for its market use. The scarcity of graphite with a flake size exceeding +80 mesh means there is an escalation in process above this size. Graphite does not trade on a designated metal exchange, nor does it have a benchmark index. Prices are negotiated directly between buyers and sellers. Given the graphite industry has historically been dominated by private companies, access to reliable graphite pricing data is difficult to obtain. There are also numerous products across a number of grades and flake sizes and prices differ depending on these characteristics. Flake graphite price forecasts for the next five years demonstrate the increase in prices based on the market assessment by Graphex and its market consultant, especially for coarse flake fractions where Graphex see the strongest growth. Graphex has a distinct signature in the Chilalo resource, possessing specific metallurgical and chemical attributes ideally suited for foils, fire retardants, engineered products, lubricants, and thermal drilling fluids. The Chilalo resource has proven it can be processed, using standard flotation, to achieve 95% to >99% LOI as well as achieving higher than average coarse flake fractions. These attributes are expected to produce a high-value product suitable for high-tech and higher priced applications. Graphex has selected target markets for initial focus after understanding the competitive advantages of Chilalo graphite and undertaking market research on supply/demand, qualification timeframes and growth expectations of various markets. The initial target markets are as follows: Thermal Management Market Group, Engineered Products Market

Criteria	JORC Code explanation	Commentary
		Group and Lubricants Market Group. Graphex plans to sell into other applications for its products to diversify its revenue streams. These include value-added products in micronised graphite and expandable graphite.
Economic	*The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.* *NPV ranges and sensitivity to variations in the significant assumptions and inputs.*	The economic analysis is based on cash flows driven by the production schedule. The cash flow projections include initial and sustaining capital; mining, processing and product logistics costs to the customer; revenue based on an appropriate sale price adjusted for fees, charges, and royalty; and a 10% discount factor. Sensitivity analysis was undertaken for a ±20% variation on the key Project financial metrics including: average sale price; operating costs; capital costs; metallurgical recovery and discount rate. In all sensitivity cases, the net present value of the Project was positive.
Social	*The status of agreements with key stakeholders and matters leading to social licence to operate.*	Local, regional and national stakeholders have been engaged in the development and planning of the Project. The previously approved Relocation Action Plan has been updated, agreed with local communities, and approved by the Government Valuer to address the relocation and compensation of community members who would be affected by mining operations. Appropriate permitting for issues such as dewatering are being addressed through the appropriate processes.
Other	*To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:* • *Any identified material naturally occurring risks.* • *The status of material legal agreements and marketing arrangements.* • *The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Prefeasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.*	Graphex is conducting advanced discussions with potential buyers of the graphite product regarding offtake agreements and potential investment in the company. According to Graphex, there are no apparent impediments to obtaining all government approvals required for the Chilalo Project. The Ore Reserves stated are located on approved mining leases.
Classification	*The basis for the classification of the Ore Reserves into varying confidence categories.* *Whether the result appropriately reflects the Competent Person's view of the deposit.* *The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).*	The Mineral Resource has been modified by the application of suitable modifying factors and have been classified as Probable, based on the Indicated classification of the MRE. The level of work undertaken through pit optimisation studies and pit designing is considered sufficient for the classification of Probable Ore Reserves. The Ore Reserve estimate considers only Indicated Mineral Resources and does not include any quantity of Inferred or unclassified material. Thus, the Ore Reserve estimate comprises of only Probable Ore Reserves. Mr Karl Van Olden, the Competent Person for this Ore Reserve estimation, has reviewed the work undertaken to date and considers that it is sufficiently detailed and relevant to each of the deposits to allow those Ore Reserves derived

Criteria	JORC Code explanation	Commentary
		from the Indicated Mineral Resources to be classified as Probable. No Measured material has been estimated in the Mineral Resource for the Chilalo Graphite Project.
Audits or reviews	*The results of any audits or reviews of Ore Reserve estimates.*	The MRE, mine design, scheduling, and mining cost model has been subject to internal peer review processes by CSA Global. No material flaws have been identified. No external audit has been conducted.
Discussion of relative accuracy/ confidence	*Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.* *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* *Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.* *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	A key parameter of the estimate is the value of the average sale price received for the product. This is based on reliable metallurgical testwork to determine proportions of each flake size category in the product. The estimated price received for the combined product is based on a credible estimate of the expected price as of the Project base data. As with all commodities, the actual price received will depend on market conditions and contractual arrangements at the time of sale. A sensitivity analysis was completed in the financial model for average price reductions of 29% and the Project value remains positive at this point. The Competent Person considers that the methodology applied to arrive at the Ore Reserve estimate for Graphex's Chilalo deposit is appropriate. The estimate is based on a detailed block model of the Resource and a detailed mine design. The Ore Reserve estimate is based on spatially supported and explicit mining schedule. The overall accuracy of the cost estimate used in the estimation of these Ore Reserves is considered to be within ±15%. Most of the cost estimates have been derived from contractors, market research and independent studies, so the global accuracy is considered very solid. Confidence in the application of the modifying factors is appropriate for the estimate. Ore will not be blended from other deposits before treatment in the processing plant.

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Appendix 2 – Lawyer's Report

BOWMANS TANZANIA LIMITED
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Our Reference: WBK/ASA/6207744/2021 Your Reference: Ngwena Tanzania Limited
Direct Line: +255 76 898 8642 Date: 28 September 2021
Email Address: wilbert.kapinga@bowmanslaw.co.tz

Evolution Energy Minerals Limited
Level 1, Emerald House, 1202 Hay Street
West Perth WA 6005
Australia

Attention: Trevor Benson
Email: tbenson@ev1minerals.com.au

Dear Sirs,

LAWYER'S REPORT ON NGWENA TANZANIA LIMITED

1. **Request for lawyer's report**

1.1 We have acted as legal counsel in the United Republic of Tanzania (Mainland) (**Tanzania**) to Evolution Energy Minerals Limited (**Evolution**) in connection with its proposed initial public offering of ordinary shares and listing on the Australian Securities Exchange (**ASX**) (the **Transaction**).

1.2 Evolution have requested we issue this lawyer's report (**Report**) on matters relevant to Evolution's Tanzanian subsidiary, Ngwena Tanzania Limited (the **Company**), in connection with the Transaction for inclusion in the prospectus to be issued by Evolution.

2. **Scope of Review**

2.1 Pursuant to the Transaction, we provide this Report on the following relating to Tanzanian laws:

- corporate matters;
- mineral rights and status;
- confirmations and findings in respect to mineral rights held by the Company; and
- litigation.

2.2 For the purposes of this Report:

- we have reviewed the laws identified in Schedule 1 of this Report;

- we have examined the documents identified in Schedule 2 of this Report; and
- we have undertaken the searches identified in Schedule 3 of this Report in respect of the Company.

Terms defined in the Schedules of this Report have the same meanings when used in this Report.

3. **Corporate matters**

Company profile

3.1 The Company is duly incorporated as a private limited liability company and validly exists in Tanzania. The Company was incorporated on 22 February 2016 and given incorporation number 124002.

3.2 The Company's registered office is at Plot No 1387, Block 4, House No. 4 Pecanwood Apartments, Haile Selassie Road, Masaki, Dar es Salaam, Tanzania.

3.3 In terms of the provisions of clause 3 of the Memarts, the Company's main object is to carry on business as a general commercial company and this would include the business of exploration, mining and related objects.

Current shareholding structure

3.4 The authorized share capital of the Company as noted under the Company Search Reports is Tanzania Shillings nine billion, four hundred and fifty-eight million, eight hundred and forty thousand (TZS.9,458,840,000) divided into nine hundred and forty-five thousand, eight hundred and eighty-four (945,884) shares of Tanzania Shillings ten thousand (TZS.10,000) each. The shares are issued to:

- Graphex Mining UK No 1 Limited - (945,874 ordinary shares); and
- Marvel Gold Limited (previously named Graphex Mining Limited) - (10 ordinary shares).

3.5 The shares have been legally and duly issued and fully paid-up.

Post-completion shareholding structure

3.6 Post-completion of the Share Exchange Agreement, the shareholders of the Company are:

- Graphex Mining UK No 1 Limited - (945,874 ordinary shares); and
- Evolution Energy Holdings Pty Ltd (**Evolution Holdings**) - (10 ordinary shares).

Register of Members

3.7 We have been provided with a Register of Members of the Company. The Register of Members confirms the current shareholding structure of the Company noted in 3.4 above.

3.8 Under section 115 of the Companies Act, all companies are required to maintain a register of members. The register of members is root to legal tile. One can only become a shareholder in a company by having their name entered in the register of members.

Register of Directors

3.9 We have been provided with a Register of Directors of the Company. The current directors of the Company are recorded as Stuart McKenzie and Christopher Knee. This is also in line with the Company Search Reports. Under section 210(1) of the Companies Act, all companies are required to maintain a register of directors.

Register of Charges

3.10 The Company has confirmed that it is not party to any charge, as such, it does have a Register of Charges. Under section 108(1) of the Companies Act, all companies are required to maintain a register of charges, to the extent that they are party to any charge.

Annual Returns

3.11 Section 128 of the Companies Act requires every company having a share capital to deliver to the Registry of Companies at the Business Registrations and Licensing Agency (**BRELA**) successive returns made in the prescribed form each of which must be made up to the date not later than the return date, being the anniversary of the company's incorporation or where the return has been made up to a different date, the anniversary of that date. Given that the Company was incorporated on 22 February 2016, the return date, in respect to the anniversary of the Company's incorporation is 22 February each year.

3.12 From our review of the Company Search Reports, we note that the Company has filed its annual returns up to 2021.

Bankruptcy and winding up

3.13 We have undertaken a search against the records held by the Registration of Insolvency and Trusteeship Agency on 11 May 2021, in respect to the Company and obtained the Insolvency Search Report.

3.14 The Insolvency Search Report does not reveal that the Company is in liquidation, administration, receivership or administrative receivership or that a winding up petition has been presented against the Company.

4. Mineral rights and status

General

4.1 Rights for prospecting or mining for minerals are licenced under the Mining Act together with the Mineral Rights Regulations. The Mining Act establishes the Mining Commission as the licensing

authority with powers to grant, renew, suspend, or cancel any licence. The Minister for Minerals (**Minister**) is responsible for monitoring the issuance by the Mining Commission of licences for mining activities in Tanzania among other roles that the Minister has under the Mining Act.

4.2 The powers of the Minister and the Mining Commission are exercisable in accordance with the Mining Act. A Mineral Right is deemed a requisite and sufficient authority over the land in respect of which the right is granted. However, a separate authority (i.e., water grant) is required to divert water where applicable. A holder of a Mineral Right is also obliged to consult with the relevant local government authority and village counsel and thereafter to obtain the written consent of lawful occupiers before he can exercise his rights under the Mining Act. All licences issued under the Mining Act are referred to as mineral rights (**Mineral Rights**).

Types of Mineral Rights

4.3 The types of rights which may be granted under the Mining Act include a prospecting licence, special mining licence, mining licence, gemstone prospecting licence, primary mining licence, processing licence and a smelting licence. Primary mining licences are restricted to Tanzanian citizens or corporate entities whose memberships are composed exclusively of Tanzanian citizens. Equally, gemstone mining licences are restricted to Tanzanians only unless the Minister determines that the development of the gemstone resource requires specialized skills, technology, or a high level of investment in which instance the gemstone mining licence may be held jointly up to 50% by a non-citizen.

Licences held by the Company

4.4 *Mining License(s)*:

4.4.1 The Company currently holds one mining license - ML 569/2017 (**ML**).

4.4.2 Pursuant to section 51 of the Mining Act, a mining licence confers on the holder the exclusive right to carry on mining operations in the mining area for minerals specified in the licence. A mining licence is granted for operations for which the capital investment is between US$100,000 and US$100 million. It is granted for a maximum initial period of 10 years and may be renewed once for a period not exceeding 10 years.

4.4.3 We note that the ML held by the Company was issued on 15 February 2017 and is valid for a period of 10 years up to 15 February 2027 as per clause 3.1 of the ML and the search results indicated in paragraph 5.1 below.

Conditions of the ML:

4.4.4 Clause 2.1 of the ML contains a general condition that the ML is granted subject to the provisions of the Mining Act, 2010 and the regulations thereunder and the conditions set out or referred to in the ML. In this regard, the ML contains the following specific conditions:

- during the term of this Mining Licence, the Licensee shall carry out the programme of mining operations in accordance with the approved Mining Plan and as may be amended from time to time and fulfil obligations hereunder and shall have full responsibility and assume the risk thereof;
- the Licensee shall take all reasonable steps necessary to secure the safety, health and welfare of persons engaged in the operations in or about the Mining Licence Area, and ensures safety of properties in accordance with the governing laws of Tanzania;
- during the term of this Mining Licence, the Licensee shall be responsible for protection and management of the environment within the Mining Licence Area in accordance with the Environment Management Act and the approved Environmental Management Plan as may be amended from time to time;
- before commencement of the mining operations, the Licensee shall ensure the proposed plan for relocation, resettlement of, and payment of compensation to people within the mining areas is implemented in accordance with the Land Act;
- the Licensee shall commence development work within three (3) months from the date of grant of the Mining Licence, or such further period as may be agreed by the Minister, on the basis of plans, general design for the mine and related facilities and ancillary operations consistent with the approved Mining Plan;
- the licensee shall commence regular production from the Mining Licence Area within a period of eighteen (18) months from the date of grant or within such further period as may be agreed by the Minister;
- the Licensee shall procure goods and services available in the United Republic of Tanzania in accordance with the approved procurement plan;
- the Licensee and their contractors shall employ and train Tanzania citizens with appropriate qualifications to the maximum extent practicable and consistent with efficient mining operations. In this connection. the Licensee shall carry out an effective scheme of employment and training for Tanzanian employees at all levels of operations and management in accordance with the approved Employment and Training Programme as may be amended from time to time and approved by the Minister.
- the Licensee shall implement succession plan on expatriate employees in accordance with the Employment and Labour Relations Act as may be amended from time to time.

- the Licensee and his contractor(s) may bring into Tanzania such expatriate employees whose expertise is not locally available at such material time and as in the Licensee's or its contractor's judgement are required to carry out mining operations efficiently and successfully subject to the conditions of the mining licence and any law relating to immigration; and
- the Licensee and his contractor(s) shall not be restricted in employment, selection, assignment or discharge of his employees provided that the employment and the terms and conditions of such employment are non – discriminatory.

4.4.5 In addition to the above, we note that section 52 of the Mining Act places the following general obligations on a holder of a mining licence:

- to commence mining operations within eighteen months and develop the mining area in substantial compliance with the programme of mining operations with due diligence;
- demarcate and keep demarcated in the prescribed manner the mining area;
- to take all appropriate measures for the protection of the environment in accordance with the EMA;
- implement the proposed plan for relocation, resettlement of, and payment of compensation to people within the mining areas in accordance with the Land Act;
- employ and train citizens of Tanzania and implement the succession plan on expatriate employees in accordance with the Employment and Labour Relations Act; and
- implement plan for procurement of goods and services available in the United Republic.

4.4.6 Further, the Local Content Regulations requires that licensees, contractors and subcontractors ensure that they are compliant with the local content requirements, and this includes the requirements for participation of Tanzanian citizens. In this regard, regulation 8(2) interest of the Local Content Regulations provides that there shall be at least a 5% equity participation of an indigenous Tanzanian company to be qualified for grant of a mining licence. An "indigenous Tanzanian company" is defined to mean, a company incorporated under the Companies Act that:

a) has at least twenty percent of its equity owned by a citizen or citizens of Tanzania; and

b) *has Tanzanian citizens holding at least eighty percent of executive and senior management positions and one hundred percent of nonmanagerial and other positions.*

4.4.7 The literal meaning of regulation 8(2) of the Local Content Regulations is that the Company will not be qualified for grant of any mining license, including renewals unless compliant with the requirement of having at least a 5% equity participation of an indigenous Tanzanian company. Although we read regulation 8(2) of the Local Content Regulations as only applying to a "grant" of a mining license, we understand that there have been instances where the Mining Commission has required compliance even on existing licenses. Therefore, there is a risk that the Mining Commission could revoke the Company's ML for not having at least 5% of its shares held by an indigenous Tanzanian company, as section 63(1) of the Mining Act provides that where the holder of a mineral right fails in a material respect to comply with any requirement of the Mining Act or the regulations which are binding on him, the Mining Commission may, on that ground, either suspend or cancel the license (after issuing a notice and giving the Company a 30 day remedy period). Market practice is to therefore engage with the Mining Commission for confirmation that the requirement would not apply to an existing mining licence or obtain a dispensation from this requirement pursuant to regulation 8(3) of the Local Content Regulations which states that: '*the Minister may vary the requirement specified in regulation 8[2], in circumstances where an indigenous Tanzanian company is unable to satisfy the requirement of five percent equity participation*'. That said, we understand that the Company has engaged with the Mining Commission on a wide range of matters, including the 5% equity participation of an indigenous Tanzanian company, however no dispensation has been obtained to date on the 5% equity participation of an indigenous Tanzanian company requirement. Given the company's engagement with the Mining Commission, it is unlikely, in our view, that the Mining Commission would suspend or cancel the ML. We are also not aware of any instance where the Mining Commission has suspended or cancelled a mining licence for non-compliance with the requirement to have 5% equity participation of an indigenous Tanzanian company. In any event, the Mining Commission is restricted from suspending or cancelling the ML, unless it has issued a notice of default to the Company and given the company a 30-day remedy period.

4.4.8 <u>Consequences of non-compliance with the conditions of the ML</u>:

4.4.8.1 Pursuant to section 63 (1) of the Mining Act, the Mining Commission has the authority to either suspend or cancel a mining licence by notice in writing served on the holder of the mining licence on grounds of non-compliance with a condition of a mining licence or failing to comply with the requirements of the Mining Act or any regulations which are binding on the mining licence holder. However, we note that the Mining Commission shall not suspend or cancel a licence unless:

- it has first served on the holder a default notice specifying the grounds on which the licence is liable to be suspended or cancelled;
- the holder has failed within a period of thirty (30) days from the date on which the default notice was served or such longer period as the licensing authority may allow to remedy the default specified or, where such default is not capable of being remedied, has failed to offer in respect thereof reasonable compensation; and
- for matters related to licences other than primary licences, the matter has been referred to the Mining Commission for advice.

4.4.9 We are not aware of any breach by the Company of the conditions set out In the ML and the Tenement Search Report does not indicate any such breach or non-compliance by the Company.

4.5 *Prospecting Licences:*

4.5.1 Subject to the contents of paragraph 5 below, we note that the Company currently holds three prospecting licenses - (i) PL 11050/2017; (ii) PL 9929/2014; and (iii) PL 9946/2014 (**PLs**). Prospecting licence 11034/2017 (**PL 11034/2017**) which was held by the Company was cancelled by the Mining Commission through the Notice of Cancellation as discussed further in 5.2 to 5.7 below.

4.5.2 A prospecting licence once granted allows a person to enter the prospecting area and pursuant to section 35(1) of the Mining Act it confers on the holder the exclusive right to carry our prospecting operations on the prospecting area for minerals to which the licence applies. Section 34 (1) of the Mining Act requires that the prospecting licence state the group and type of mineral to which it applies.

4.5.3 A prospecting licence is issued for minerals falling under metallic minerals, energy minerals, gemstones excluding kimberlitic diamond, kimberlitic diamond, industrial minerals or building materials) as specified under the Mining Act. A prospecting licence is granted for an initial period of four years and may be extended for a further three years, after which it is not renewable after the second period of renewal.

Renewal of prospecting licences:

4.5.4 According to section 32 of the Mining Act, a prospecting licence is issued for an initial prospecting period not exceeding four (4) years. Upon expiry of the initial prospecting period, the first period of renewal of the prospecting licence shall not exceed three (3) years. A second period of renewal is provided although no timelines have been provided. In this regard, pursuant to section 32 (1) (c) of the Mining Act, a prospecting licence shall not be renewable after the second period of renewal. The prospecting area shall thereafter revert

to the Government and the prospecting licence shall be issued to a local mining company, which shall be designated by the Minister subject to approval by the Cabinet. Any person who wants to conduct prospecting work in such an area must do so through arrangements made with a local mining company, subject to prior approval from the Cabinet.

4.5.5 Further to the above, a holder of a prospecting licence who intends to renew the licence shall submit an application for renewal within one (1) month before the expiry date of the licence.

Minimum expenditure and annual rent:

4.5.6 Regulation 9 of the Mineral Rights Regulations provides a minimum expenditure requirement in terms of the amount per square kilometre or per hectare which a holder of a prospecting licence is required to expend annually on prospecting operations in the licence area.

4.5.7 The minimum expenditure requirements are as follows:

4.5.7.1 For all minerals other than gemstones, industrial minerals or building materials:

- in the case of the initial prospecting period expenditure on prospecting operations of shall not be less than US$500 per square kilometre;
- in the case of the first renewal period, an amount of not less than US$2,000 per square kilometre; and
- in the case of the second renewal period, an amount of not less than US$6,000 per square kilometre.

4.5.7.2 The minimum expenditure under a prospecting licence is US$100 for industrial minerals and building materials and US$250 for prospecting for gemstones.

4.5.7.3 Mineral rights holders are required to pay annual rental fees with respect to the mining areas on which the rights are granted. Pursuant to the First Schedule of the Mineral Rights Regulations, the fees are charged for each square kilometre and vary depending on the type of mineral rights that a person holds. Rental fees for prospecting licences range from US$100 to US$200 depending on the category of minerals for which the prospecting licence is issued. The fees are US$5,000 for a special mining licence, US$3,000 for a mining licence for metallic minerals, energy minerals, gemstones or kimberlitic diamonds and US$2,000 for building materials and industrial minerals.

4.6 Claims of lawful occupiers

4.6.1 Pursuant to section 96 (1) of the Mining Act, rights conferred by a mineral right shall be exercised reasonably and shall not be exercised so as to affect injuriously the interest of any owner or occupier of the land over which those rights extend.

4.6.2 The Mining Act regulates certain aspects of the relationship between a lawful occupier (*in relation to any land means the lawful occupier of land in accordance with the Land Act, and the Village Land Act*) and mineral rights holder. The lawful occupier requires the consent of the registered mineral rights holder prior to constructing any building or structure in the area. However, the Minister may give consent to the lawful occupier if the mineral rights holder unreasonably withhold consent required by the lawful occupier.

4.6.3 A lawful occupier has the right to receive fair and reasonable compensation from the mineral rights holder in respect of any disturbance of the rights of lawful occupier of any land or damage to any crops, trees, buildings, stock or works according to the respective rights or interest of the lawful occupier in the property concerned. As stipulated in section 97 (2) of the Mining Act, the compensation shall be determined in accordance with the procedures established under the Land Act and the Village Land Act.

4.6.4 For any dispute on the compensation referred to above, either party may refer the matter to the Mining Commission for determination and any party aggrieved by the decision of the Mining Commission has the right to appeal to the High Court pursuant to Part XI of the Mining Act.

4.7 *Tax / fiscal regime:*

4.7.1 Section 10 of the Mining Act read together with the State Participation Regulations provides that in any mining operations under a mining licence or a special mining licence the Government shall have not less than sixteen percent non-dilutable free carried interest shares in the capital of a mining company depending on the type of minerals and the level of investment. The Government does not currently own any free carried interest shares in the Company. However, we understand that the market practice is for the Government to take the free carried interest shares in companies conducting mining operations under a mining licence or a special mining licence around the time at which the company is ready to move into production.

4.7.2 In addition to the free carried interest shares, the Government shall be entitled to acquire, in total, up to fifty percent of the shares of the mining company commensurate with the total tax expenditures incurred by the Government in favour of the mining company. The State Participation Regulations clarify that tax expenditures means "tax exemptions and reliefs" and includes any tax stabilization clauses permitted under section 100E of the Mining Act.

Income Tax:

4.7.3 Once production starts, the immediate tax impact is the taxes based on turnover, and then (once the project moves to profit) corporate income tax at 30% of taxable profit, and finally imposts at the time of distribution of profits by way of the free carry interest earned by Government as well as withholding tax (10%) on dividends paid to the investors.

4.7.4 In terms of taxes on turnover, an alternative minimum tax of 0.5% of gross turnover is payable for companies in "perpetual loss status" for a period of at least three consecutive years (although, in practice the Tanzania Revenue Authority (**TRA**) has not been applying this provision for the extractive sector). Also, the general royalty rate is 3% of gross revenue in the case of other minerals, including building materials, salt, all minerals within the industrial minerals group. There is also a clearance/inspection fee of 1% of gross revenue and local taxes (such as service levy of 0.3% on turnover).

4.7.5 Ring fencing applies to each mineral operation and each mineral right constitutes a separate mineral operation (subject to special considerations in relation to interaction of prospecting and mining licenses, and extension of mining licenses). Ring fencing ends at the point minerals from mining operations are sufficiently processed to produce a first saleable product. Transfer pricing rules apply to ring fenced activities of the same person.

4.7.6 Unrelieved losses incurred on mining operations can only be deducted in calculating the person's income derived from that mining area. The unrelieved losses can only shelter 70% of taxable profit in a year. This means where an extractive company has current year taxable profits (before brought forward losses), tax will be payable on at least 30% of those profits.

4.7.7 Capital expenditure incurred by a mining operation is depreciated at a fixed 20% straight line basis – in other words, a straight-line write-off over 5 years. The claim for such depreciation cannot be deferred to a later period.

4.7.8 Relief for rehabilitation is only available when contributions are paid into a rehabilitation fund. The money in the fund is required to be placed outside the control of the person conducting the operations. Further, relief is available for contributions to a rehabilitation fund and other expenses incurred in respect of a rehabilitation fund as required by law or approved by the Minister under a mining development agreement/concession. On the other hand, relief is not available for expenses incurred in implementing an approved mine closure fund in excess of the amount contributed to the approved rehabilitation fund.

4.7.9 The Income Tax Act provides that bonus payments for the grant, transfer or assignment of a mineral rights, whether in form of a lump sum or dependent on or calculated by reference to specific production targets, are not deductible in calculating income from a separate mining operation. In practice, this requirement would only be relevant for Petroleum operators as the bonus requirement is only provided in production sharing agreements.

4.7.10 No relief is available for charitable or community relations expenditure by a mining company despite the fact that the mining companies view this expenditure as a necessary cost in doing business.

4.7.11 In terms of withholding tax, payment for technical services by persons conducting mining business is subject to 5% withholding tax. Technical services in respect of mining activities are

defined as: "*services in respect of earthmoving, engineering and construction and includes geological, geotechnical and metallurgical services, seismic survey, data interpretation, drilling or any such services*". We have enclosed in Schedule 4 a summary of payments that are subject to withholding tax and the applicable rates.

4.7.12 It is not uncommon for parties to agree on gross – up provisions whereby the payer bears the withholding tax on behalf of the recipient. However, for Tanzania, "gross-up" clauses in service (or employment) agreements should be avoided due to a July 2017 amendment in the Income Tax Act which introduced a new category of excluded expenditure namely "*withholding tax paid by a withholder*" - a change that appears to support the TRA's position of disallowing the gross-up component for corporate tax purposes. Although the interpretation of this change may be disputed, it is likely that the TRA and appellate bodies will adopt the approach of the TRA.

4.7.13 The application of tax may be modified where a non-resident payee is resident in a country with which Tanzania has a double tax treaty. Tanzania currently has nine such treaties, with South Africa, Canada, Italy, India, Zambia and the four Scandinavian countries (Sweden, Denmark, Norway and Finland). In general, these treaties do not provide for withholding tax rates that are lower than those in the domestic legislation. Notwithstanding this, the treaties should be consulted to ascertain any modification required to the application of domestic legislation.

4.7.14 The following payroll taxes/levies are applicable to employers in Tanzania:

- pay as you earn – ranging from 9% to 30% based on prescribed income bands;
- skills and development levy – payable by employers at 4% of gross emoluments;
- national social security fund - 10% payable by employers and 10% by employees; and
- workers compensation fund – payable by employers at 0.6%.

<u>Other taxes</u>

4.7.15 Customs duty generally applies at the following rates:

- raw materials, capital goods, agricultural inputs, pure-bred animals, medicines - 0%;
- semi-finished goods - 0%; and
- finished final consumer goods - 25%.

4.7.16 In addition, paragraph 30(b) of part b of the fifth schedule to the EACCMA includes a specific exemption for mining, which reads: "*Machinery and spare parts thereof used in mining imported by licensed mining companies*".

4.7.17 From a value added tax (**VAT**) perspective, the supply of minerals is a taxable supply of goods. Accordingly, the supply of minerals will be subject to the zero rate (0%) if the customer is overseas, and the standard rate (18%) if the customer is domestic. In practice minerals are likely to be exported and hence zero-rated. Importation of goods by a licensed explorer or prospector of minerals is exempt from VAT to the extent that the exemption is also provided in the customs legislation, while local supplies made to mining companies, other than "exempt supplies", are subject to VAT at 18%. Any VAT charged to the mining company is then reclaimed as an input tax credit on the VAT return.

4.7.18 Stamp duty applies to several instruments, principally in relation to capital transactions. For example, a 1% stamp duty payable by the transferee applies to conveyances, transfers of debentures, and to assignments of leases. Leases are also subject to stamp duty. There is a proviso that where there is a conveyance or transfer of assets in a group, then stamp duty will not be chargeable.

Change of control provisions under the Income Tax Act

4.7.19 The change of control provisions are set out in section 56 of the Income Tax Act (see extract of the section under Schedule 5) whose subsection (1) reads:

> *"Where the underlying ownership of an entity changes by more than fifty percent as compared with that ownership at any time during the previous three years, the entity shall be treated as realising any assets owned and any liabilities owed by it immediately before the change."*

4.7.20 Based on the above, a relevant change in control takes place where there is a change in the underlying ownership of an entity by more than 50% as compared with that ownership at any time during the previous three years.

4.7.21 Although section 56 of the Income Tax Act was intended to apply to indirect disposals of shares[1], its wording is ambiguous, and its scope may be interpreted to cover direct share transactions including farm out arrangements which are common in the extractive sector and in some cases only involve a commitment to fund future exploration or raising of new share capital without an actual receipt of funds. Consequently, the local entity whose underlying ownership has changed by more than 50% would be deemed to have disposed its assets and liabilities as per the provisions of section 56(1) above, resulting into a tax obligation on both a direct disposal of shares and the deemed disposal of business.

[1] This position is based on the 2012 Tanzania National Budget speech by the Finance Minister who stated the following in relation to this amendment and its intention: *"iv. Impose capital gain tax on sale of shares relating to local company by the parent/offshore company. This measure is intended to control tax avoidance malpractice".*

4.7.22 Despite this ambiguity, in most cases the TRA have been applying a reasonable approach to tax direct disposals of shares through normal disposal rules and not apply section 56 of the Income Tax Act.

4.8 *Transfer of control of a Mineral Rights holder*

Mining Commission:

4.8.1 *Section 127 of the Mining Act provides that, "where a mineral right or dealer's licence is granted to a company, or other body corporate, the company, or such body corporate, shall not, after the date of the grant of the right, without the written consent of the Mining Commission:*

(a) *register the transfer of any share or shares in the company to any particular person or his nominee; or*

(b) *enter into an agreement with any particular person,*

if the effect of doing so would be to give that person control of the company or other body corporate."

4.8.2 The section goes on to say that "*a person is deemed to have control of a company or other body corporate:*

(a) *if the person or his nominee holds, or the person and his nominee hold, a total of fifty per centum or more of the equity shares of the company; or*

(b) *if the person is entitled to appoint, or to prevent the appointment of, half or more than half of the number of directors of the company*."

4.8.3 The Mining Commission may not, in terms of the legislation, unreasonably withhold its consent. The consequence for not obtaining the consent of the Mining Commission may be covered in the general provision in respect to the suspension and cancellation of mineral rights under section 63(1)(a) of the Mining Act which provides that where the holder of a mineral right fails in a material respect to comply with any requirement of the Mining Act or the regulations which are binding on him, the Mining Commission may, on that ground, either suspend or cancel the license (after issuing a notice and giving the Company a 30 day remedy period). However, we do not, in our view, consider failure to obtain consent from the Mining Commission under section 127 to constitute a failure to comply with the requirements of the Mining Act in a material respect noting that the nature of the Share Exchange Agreement does not result to a change of control as contemplated under section 127 of the Mining Act and the consent for listing of Evolution shares on the ASX could, potentially, be excluded on the basis of being an indirect change of control as further highlighted in paragraph 4.8.4 below.

4.8.4 Properly considered, this section can only be read to require the consent of the Mining Commission for purposes of a transaction where a transfer of shares in a company holding a Mineral Right occurs or where that Mineral Right holding entity itself enters into an agreement with a third person, in either case where doing so would result in a change of control of that Mineral Right holder (i.e. in essence, a direct change of shareholding which results in a change of control). However, notwithstanding this, we are aware that the Mining Commission informally (i.e., it has not expressed this in writing) considers this section to grant it jurisdiction over indirect and minority acquisitions of interests in Tanzanian Mineral Right holders too.

4.8.5 We understand that Marvel and Evolution have sought consent from the Mining Commission in respect of the Share Exchange Agreement transfer and the listing of Evolution shares on the ASX and provided the Mining Commission with all documents requested by the Mining Commission to provide the consent. We expect the consent to be forthcoming and do not see any reason why the Mining Commission would not provide its consent in the circumstances. We reiterate that the Mining Commission may not unreasonably withhold its consent.

Competition:

4.8.6 A transaction involving transfer of control of a Mineral Rights holder would require approval from the Fair Competition Commission (**FCC**) to the extent that the transaction is: (i) a "merger"; and (ii) meets the prescribed financial thresholds. A "merger" is defined in the FCA as "*an acquisition of shares, a business or other assets, whether inside or outside Tanzania, resulting in the change of control of a business, part of a business or an asset of a business in Tanzania*". Neither the term "change of control", nor the term "control" is defined in the FCA, and the Fair Competition Tribunal has not, to our knowledge, published any decision which seeks to expressly define the term "change of control". However, given the transfer by Marvel of 100% of its shares in Graphex Mining UK No1 Limited to Evolution Holdings, an indirect change of control will likely occur in the Company. Further, Evolution shares will be listed on the ASX, this will also likely result in an indirect change of control in the Company.

4.8.7 However, notwithstanding the language used in the FCA and the respective interpretations of that legislation, and regardless of whether a change control, properly considered, takes place, in practice, the FCC adopts a very wide view of its own jurisdiction and considers any change of shareholding, direct or indirect, in respect of a Tanzanian company, to constitute a merger (including minority acquisitions and internal reorganisations).

4.8.8 With regard to the relevant financial threshold, this is currently 3.5 billion Tanzanian shillings (approximately USD1,500,000) and is determined by reference to (i) the aggregate turnover or (ii) the aggregate asset value of the named merging parties (whichever is higher) (i.e., not Tanzania-specific turnover or asset values) for purposes of ascertaining whether the financial threshold is satisfied and, subsequently, the applicable filing fees.

4.8.9 Merger clearance in respect of the Share Exchange Agreement transfer and the listing of Evolution shares on the ASX has been provided by the FCC.

5. Confirmations and findings in respect to Mineral Rights held by the Company

5.1 We have undertaken searches at the Mining Commission in respect of the ML and PLs that the Company holds, and confirm our findings in respect to the mining licences held by the Company in the Tenement Search Report as follows:

License No.	Area Km2	Registered holder	Application date	Date issued	Expiry date	First renewal	Remarks
ML 569/2017	9.81	Ngwena Tanzania Limited (100%)	16 June 2016	15 February 2017	14 February 2027	N/A	The licence is active and in good standing.
PL 11050/2017	48.82	Ngwena Tanzania Limited (100%)	2 May 2016	13 March 2017	12 March 2021	2021	The licence is pending renewal. Status to be confirmed upon renewal. Please refer to our comments in paragraphs 5.1.2 and 5.1.4.
PL 11034/2017	39.65	Ngwena Tanzania Limited (100%)	17 November 2016	13 March 2017	12 March 2021	2021	Please refer to our comments in paragraphs 5.2 – 5.7.
PL 9946/2014	48.06	Ngwena Tanzania Limited (100%)	6 May 2013	8 July 2014	7 July 2021	2018	The licence is pending renewal. Status to be confirmed upon renewal. Please refer to our comments in paragraph 5.1.2 and 5.1.4.
PL 9929/2014	24.02	Ngwena Tanzania Limited (100%)	14 May 2014	8 July 2014	7 July 2021	2018	The licence is pending renewal. Status to be confirmed upon renewal. Please refer to our comments in paragraph 5.1.2 and 5.1.4.

5.1.1 the ML and the PLs are validly held by the Company save for PL 11034/2017 that was cancelled by the Mining Commission through the Notice of Cancellation.

5.1.2 according to the Tenement Search Report, all the PLs have expired and are subject to renewal. However, we note that:

- the Company has paid for the first renewal of PL 11050/2017 and PL 11034/2017, as evidenced by the Proof of Renewal Payment;
- the Company has paid for the renewal of PL 9929/2014 and PL9946/2014, as evidenced by the Proof of Renewal Payment 2; and
- under the tenement renewal process, section 33 (5) of the Mining Act requires the Mining Commissions to grant and application for renewal within six weeks from the date that the application was made however, we note that it ordinarily takes a number of months for a person to receive a renewed prospecting licence after the application for renewal has been submitted to, and the renewal payment has been received by, the Mining Commission.

5.1.3 as noted in paragraphs 4.5.4 above, a prospecting licence is issued for an initial prospecting period not exceeding four (4) years. Upon expiry of the initial prospecting period, the first period of renewal of the prospecting licence shall not exceed three (3) years. The second period of renewal is provided although no timelines have been provided. In this regard, pursuant to section 32 (1) (c) of the Mining Act, a prospecting licence shall not be renewable after the second period of renewal. That said, we note that PL 11050/2017 and PL 11034/2017 (upon reinstatement) are in the first renewal stage and PL 9929/2014 and PL9946/2014 are in the second renewal stage. Considering that the Mining Commission has issued an assessment for renewal fees of the PLs, and the Company has paid the relevant renewal fees, we are of the view that the Mining Commission would issue the renewals as there is no basis to refuse grant of the renewals.

5.1.4 we expect the PLs to have the following expiry dates upon renewal:

- 12 March 2024 – in respect of PL 11050/2017 (and PL 11034/2017, if it is reinstated); and
- 7 July 2024 – in respect of PL 9946/2014 and PL 9929/2014.

5.1.5 save for the irregular cancellation of PL11034/2017 as discussed below, there are no disputes that we are aware of relating to the Mineral Rights with any governmental or regional authority or any unrelated third party.

Irregular cancellation of PL 11034/2017

5.2 Pursuant to the Notice of Cancellation, we note that PL11034/2017 was cancelled by the Mining Commission on the following grounds of default which are stipulated in the Default Notice:

- failure to give notice to the licensing authority of the discovery of any mineral deposit of potential commercial value contrary to section 36 (1) (b) of the Mining Act; and
- failure to adhere to the prospecting programme appended to the prospecting licence PL 11034/2017 contrary to section 36(1) (c) of the Mining Act.

5.3 We, however, understand from the Company that the Default Notice was not received by the Company within the required 30 days period to allow the Company to remedy the defaults (if any) contrary to what is required by section 63 of the Mining Act. Both the Default Notice and the Notice of Cancellation were received by the Company on 15 June 2021 after the Company made a follow up at the Mining Commission in Dodoma, Tanzania. The Company responded to the Default Notice on 22 June 2021 via Letter 1 to the Mining Commission.

5.4 Section 36(1)(b) of the Mining Act requires that the holder of a prospecting licence gives notice to the licensing authority of the discovery of any mineral deposit of potential commercial value. The discovery of mineralisation that has a potential commercial value has occurred on the area within the ML. While some early-stage exploration has been conducted at PL 11034/2017 and at all the PLs, exploration has focused primarily on the area covered by the ML where a potentially commercial mineral deposit has been discovered and notified to the Mining Commission. The Company expects that there is an opportunity to make additional discoveries on PL11034/2017 though that will only be confirmed to the Mining Commission when PL11034/2017 is returned to the Company and further exploration is carried out.

5.5 We note that the Company paid for the renewal of PL 11034/2017 (which expired on 7 July 2021) on 6 April 2021 which is within the required statutory timeframe for renewal as evidenced by the Proof of Renewal Payment. The payment for renewal of PL 11034/2017 was made after the Mining Commission issued a control number for payment of the renewal on 31 March 2021 (even though PL 11034/2017 was allegedly cancelled by the Mining Commission on 31 May 2021 as indicated in the Notice of Cancellation) the payment for renewal of PL11034/2017 was accepted by the Mining Commission with no reply to the Company on the cancellation of PL 11034/2017.

5.6 It is our understanding that the Company has addressed the irregular cancellation of PL 11034/2017 to the Mining Commission and has requested for a revocation of the Notice of Cancellation and the renewal of PL11034/2017 as set out in the Letter 2 to the Mining Commission. We further note that the Minister for Minerals has also been informed of this matter and requested to revoke the Notice of Cancellation of PL11034/2017. The Company is further taking a judicial review action to nullify the Notice of Cancellation

5.7 For the reasons set out above, on balance, we consider that the Company has a strong case for having the PL 11034/2017 reinstated because the Default Notice was not received by the Company within the required 30-day cure period to allow the Company to remedy the defaults (if any) as required under section 63 of the Mining Act.

5.8 Confirmations on Mineral Rights related filings and statutory compliance:

Local content plan

5.8.1 The Local Content Regulations as read together with the Local Content Guidelines require every Mineral Rights holder to file, with the Mining Commission, an annual local content plan in respect of each year. The Company has provided a copy of the Annual Local Content Plan for 2021 as required by regulation 10 of Local Content Regulations.

Annual local content performance reporting

5.8.2 According to regulation 37 (1) of the Local Content Regulations, a contractor, subcontractor, licensee or other allied entity is required within 45 days of the beginning of each year after commencement of mining activities, to submit to the Mining Commission an annual local content performance report covering all its projects and activities for the year under review. This report shall be in the format prescribed by the Mining Commission and shall specify by category of expenditure the local content on both current and cumulative cost basis and show the employment achievement in terms of hours worked by Tanzanians and foreigners as well as their job positions and remuneration.

5.8.3 We note that the Company has provided a copy of its Annual Local Content Performance Report for the year ended 31 December 2020 dated 17 May 2021 in compliance with regulation 37 (1) of the Local Content Regulations.

Quarterly performance reports

5.8.4 Pursuant to regulation 20 (2) of the Local Content Regulations a contractor, subcontractor, licensee or other allied entity is required to submit quarterly reports on the following:

- employment and training activities for the reporting period; and
- a comparative analysis of the employment and training sub-plan and the employment and activities to monitor compliance.

5.8.5 The quarterly report shall also state the number of new Tanzanian employees employed during the respective quarter and their job descriptions. We understand from the Company that no quarterly reporting has been undertaken, however, details on the Company's employment and training activities are included in the Annual Local Content Performance Report with respect to local content.

Succession plan

5.8.6 Further to the above and as stipulated in the Local Content Regulations, a contract, subcontractor, licensee or other allied entity shall, as part of the employment and training sub-plan, is required to submit to the Mining Commission a succession plan for any employment position that is occupied by a non- Tanzanian to ensure that the minimum local content levels specified in the First Schedule of the Local Content Regulations are met.

5.8.7 We note from the succession plan contained in the Annual Local Content Plan that the Company does not have any non-Tanzanian / expatriate employees.

Submission of quarterly forecasts for proposed contracts and purchase orders

5.8.8 According to regulation 17(1) of the Local Content Regulations a contractor, subcontractor, licensee or other allied entity shall not later than the first day of each quarter submit to the Mining Commission a list of:

- contract of purchase orders to be sole sourced; and
- contracts or purchase orders estimated to exceed the equivalent of USD 100,000 (one hundred thousand United States Dollars) and intended to be tendered for or executed in the next quarter.

5.8.9 The information to be provided to the Mining Commission for purposes of the quarterly forecasts in respect of each contract or purchase order includes the following information as set out in the Second Schedule of the Local Content Regulations:

- a description of the service or items to be contracted or purchased including the material and equipment specification if requested;
- the estimated value of the contract, subcontract or purchase order;
- the anticipated dates for the following:
  - the issuance and closure of the request for proposals; and
  - contract award.
- any other information requested by the Commissioner for Minerals for the implementation of the Local Content Regulations.

5.8.10 We understand from the Company that it has not submitted any quarterly forecasts for proposed contracts and purchase orders, however, details are included in the Annual Local Content Performance Report with respect to local content.

Integrity Pledge

5.8.11 The Integrity Pledge Regulations require every Mineral Rights holder to sign and file an integrity pledge with the Mining Commission. We have been provided with confirmation of filing of the Integrity Pledge by the Company. The Integrity Pledge Regulations set out the objectives, principles and format of the integrity pledge and requires a holder of a mineral right to ensure that any person it engages with in undertaking any activity in connection with mining activities complies with the integrity pledge requirements. A Mineral Right holder who fails to comply with the requirement of the integrity pledge shall be liable to the following penalties:

- suspension of a license or permit to engage in mining operation or activity;
- withdrawal or cancellation of a license;
- payment of fine as prescribed in the Mining Act and any other applicable laws; and
- any other penalty as prescribed under the Mining Act and any other Written Laws of Tanzania.

5.8.12 Further, the Permanent Sovereignty Act as read together with the Code of Conduct Regulations require every investor dealing in natural resources to sign and file with the Minister responsible for constitutional affairs, an integrity pledge prescribed in the Schedule to the Code of Conduct Regulations in order to abide with ethical business practice to support national campaign against corruption. An investor has been broadly defined to include an entity, consultant, supplier, contractor, investor, partner and agent. We have been provided with confirmation of filing of the Code of Conduct Integrity Pledge under Code of Conduct Regulations by the Company.

Corporate social responsibility

5.8.13 As per section 105 of the Mining Act, a mineral rights holder such as the Company is required to prepare a credible corporate social responsibility plan (**CSR Plan**) jointly agreed by the relevant local government authority or local government authorities in consultation with the Minister responsible for Local Government Authorities and the Minister responsible for Finance. In addition to this, the CSR Plan shall take into account environmental, social, economic and cultural activities based on local government authority priorities of host community and shall be submitted by a mineral right holder to a local government authority for consideration and approval.

5.8.14 We understand from the Company that it does not have an approved CSR Plan but intends to prepare a CSR Plan in consultation with the local communities and local government as it moves closer to project development.

Geological survey reporting

5.8.15 The Mining Act as read together with the Geological Survey Regulations require every Mineral Rights holder to submit geological data, in a prescribed manner, to the Geological Survey of Tanzania. We have been provided with confirmation of filing of the GST Reports by the Company.

Environmental confirmations

5.8.16 Mining activity is one of the listed items that require an environmental impact assessment by virtue of Section 81(1) read together with the Third Schedule of the EMA.

5.8.17 We have been provided with a copy of the Company's EIA Certificate which was originally held by Warthog Resources Limited and transferred to the Company on 02 November 2016 pursuant to the NEMC Transfer Certificate.

5.8.18 The Environmental Search Report in respect to the Company's EIA Certificate does not reveal that the Company is in breach or non-compliant with any environmental laws or requirements.

6. Litigation

6.1 Save for the irregular cancellation of PL11034/2017 as discussed above, we have not been provided with any other information confirming or indicating that there is any litigation, arbitration, administrative proceeding, criminal or regulatory investigation pending or threatened against the Company. The Company has, however, provided the Director's Certificate confirming the following:

- there is no pending or threatened litigation, arbitration, investigations, prosecution, administrative proceedings, governmental enquiries, or any other dispute of any nature whatsoever against the Company; and
- there are no matters or circumstances that may result in the Company becoming involved in any litigation or other dispute resolution procedure.

6.2 We note that it is difficult to conduct a registry search for the Company in the courts of Tanzania without any information on pending cases. The court registry archives records of all proceedings and can only provide specific details of pending litigation once provided with details of parties and the relevant case number.

6.3 It is important to note that any litigation that involves disputes arising from extraction, exploitation or acquisition and use of natural wealth and resources shall be adjudicated by judicial bodies or other organs established in Tanzania under the laws of Tanzania. This is provided for by the Permanent Sovereignty Act.

7. Assumptions

7.1 The documents provided to us by the Company for review are complete, accurate, true copy of the original documents and up-to-date and are not misleading in any way.

7.2 To the extent that the ability of the Company or any of its directors to enter into any agreement requires the determination of a matter of fact, that requirement has been complied with.

8. **Limitation of liability**

8.1 Notwithstanding the foregoing, Bowmans does not accept any liability nor shall it be liable for anything stated in or done in connection with the documents reviewed, this Report or any related enquiries and work:

- for any aspect, issue, subject or consideration which falls outside the scope of the review as set out in this Report; or
- for any incorrect or incomplete information provided to Bowmans.

8.2 Bowmans' aggregate liability for any loss, liability, damage or expense arising from, or resulting from placing any reliance on, this Report shall be limited to the aggregate amount of fees (exclusive of VAT and expenses) received by Bowmans in respect of the preparation and delivery of this Report.

8.3 Bowmans shall only be liable to the extent that it is negligent and shall not have any liability for any consequential loss (including, without limitation, any loss of profit or bargain) in respect of this Report.

8.4 Without limiting the foregoing, the partners, professionals with similar status, consultants and other employees of Bowmans or any of its affiliates shall not be liable in their personal capacity for any claim whatsoever arising, directly or indirectly, in connection with any advice or opinions given in, views expressed in, errors in, or omissions from, this Report, and all such claims shall be enforceable only against the partnership and may be satisfied only from the assets of the partnership, including the partnership's professional indemnity cover (and not from the personal estates of any individual referred to above).

Yours sincerely,

Wilbert B. Kapinga
MANAGING PARTNER

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Schedule 1 – Laws reviewed

For the purposes of this Report, we have reviewed the following laws:

1. the Companies Act, No. 12 of 2002, Cap 212 of the Laws of Tanzania (**Companies Act**);
2. the East African Community Customs Management Act, 2004 as amended by the East African Community Customs Management (Amendment) Act, 2011 (**EACCMA**)
3. the Environmental Management Act, No. 20 of 2004 (**EMA**);
4. the Fair Competition Act, 2003 (**FCA**);
5. the Competition Rules, 2018 (**Competition Rules**);
6. Income Tax Act, R.E 2019, Cap 332 of the Laws of Tanzania (**Income Tax Act**);
7. the Mining Act, R.E. 2019, Cap 123 of the Laws of Tanzania (**Mining Act**);
8. the Mining Commission (Guideline for Submission of Local Content Plan) 2018 (**Local Content Guidelines**);
9. the Mining (Geological Survey) Regulations, 2018 (**Geological Survey Regulations**);
10. the Mining (Integrity Pledge) Regulations, 2018 (**Integrity Pledge Regulations**);
11. the Mining (Local Content) Regulations, 2018 (as amended) (**Local Content Regulations**);
12. the Mining (Mineral Rights) Regulations, 2018 as amended by the Mining (Mineral Rights) (Revocation of the First Schedule) Regulations, 2018 and the Mining (Mineral Rights) (Amendment) Regulations, 2020 (**Mineral Rights Regulations**);
13. the Mining (State Participation) Regulations 2020 (**State Participation Regulations**);
14. the Natural Wealth and Resources (Permanent Sovereignty) Act of 2017 (as amended) (**Permanent Sovereignty Act**);
15. the Natural Wealth and Resources (Permanent Sovereignty) (Code of Conduct for Investors in Natural Wealth and Resources) Regulations, 2020 (**Code of Conduct Regulations**);
16. the Stamp Duty Act, R.E 2019, Cap 189 of the Laws of Tanzania (**Stamp Duty Act**);
17. the Value Added Tax Act, R.E 2019, Cap 148 of the Laws of Tanzania (**VAT Act**); and
18. the Written Laws (Miscellaneous Amendments) Act 2017 (**Amendments Act**).

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Schedule 2 – Documents examined

For the purposes of this Report, we have examined the following documents

1. certificate of incorporation of the Company;
2. copy of the memorandum and articles of association of the Company (**Memarts**);
3. a copy of the notice of cancellation of PL 11034/2017 issued by the Mining Commission on 31 May 2021 (**Notice of Cancellation**);
4. a copy of the receipt of payment issued by CitiBank on 13 April 2021 for the payment of USD13,248.50 for the first renewal and annual rent for PL 11034/2017 and PL 11050/2017 (**Proof of Renewal Payment**);
5. a copy of the receipt of payment issued by CitiBank on 21 June 2021 for the payment of USD600 for the renewal of PL 9946/2014 and PL 9929/2014 (**Proof of Renewal Payment 2**);
6. a copy of the default notice issued by the Mining Commission on 8 February 2021 (**Default Notice**):
7. a copy of the letter from the Company to the Mining Commission dated 22 June 2021 addressing the Default Notice (**Letter 1 to the Mining Commission**);
8. a copy of the letter from the Company to the Mining Commissions dated 24 June 2021 addressing the Notice of Cancellation (**Letter 2 to the Mining Commission**);
9. a copy of the Company's EIA Certificate No. EC/EIA/2308 (Application Reference No. 4614), which was transferred to the Company in November 2016 (**EIA Certificate**);
10. a copy of the National Environment Management Council transfer certificate dated 02 November 2016 for Environmental Impact Assessment Certificate transfer from Warthog Resources Limited to the Company (**NEMC Transfer Certificate**);
11. a draft of the share exchange agreement between Marvel Gold Limited (**Marvel**) and Evolution (**Share Exchange Agreement**);
12. a copy of the annual local content performance report for the year ended 31 December 2020 dated 17 May 2021 (**Annual Local Content Performance Report**);
13. a copy of the annual local content plan for the year 2021 (**Annual Local Content Plan**);
14. a copy of the integrity pledge not dated but attested on 11 October 2018 submitted to the Mining Commission on 24 October 2018 (**Integrity Pledge**);
15. register of directors of the Company (**Register of Directors**);

16. a copy of the director's certificate executed by Stuart McKenzie dated 25 August 2021 (**Director's Certificate**);

17. a copy of the integrity pledge for national and international investors engaged in activities that relate to natural wealth and resources in the United Republic of Tanzania signed by the Company and dated 2 September 2021 (**Code of Conduct Integrity Pledge**);

18. proof of delivery of the Code of Conduct Integrity Pledge for national and international investors engaged in activities that relate to natural wealth and resources at the Ministry of Constitutional and Legal Affairs on 13 September 2021;

19. Quarter 2 (April to June) geological survey reports submitted to the Geological Survey of Tanzania on 2 August 2021 for ML569/2017, PL 9929/2014, PL9946/2014, PL 11034/2017 and PL 11050/2017 (**GST Reports**);

20. BRELA search report dated 17 September 2021 confirming notification of name change from Graphex Mining Limited to Marvel Gold Limited;

21. The FCC merger approval dated 14 September 2021 on the indirect control of the Company by Evolution and Marvel through a proposed initial public offering and listing of Evolution's shares on the ASX; and

22. The FCC merger approval dated 14 September 2021 on the indirect control of the Company by Evolution Holdings and Evolution through acquisition of shares in Marvel pursuant to the Share Exchange Agreement.

BOWMANS

Schedule 3 – Searches undertaken

For the purposes of this Report, we have undertaken the following searches in respect of the Company:

1. Registry of Companies: Custom search report dated 25 August 2021 and Standard search report dated 23 July 2021(**Company Search Reports**);

2. Mining Commission: Search report dated 10 June 2021 (**Tenement Search Report**);

3. National Environment Management Council: Search report dated 22 June 2021 (**Environmental Search Report**); and

4. Registration, Insolvency and Trusteeship Agency: Search report dated 11 May 2021 (**Insolvency Search Report**).

BOWMANS

Schedule 4 – Withholding tax

Category of payment	Resident	Non-resident
Commission, fees and other charges to commercial bank agent or digital payment agent	10%	n/a
Dividend		
• shareholder with 25% interest or more	5%	10%
• companies listed on Dar es Salaam Stock Exchange	5%	5%
• otherwise	10%	10%
General Insurance premium	0%	5%
Interest	10%	10%
Money transfer commission paid to money transfer agent	10%	n/a
Natural resource payment	15%	15%
Payments for goods by the Government of Tanzania	2%	n/a
Rent		
• Land, buildings and aircraft lease	10%	10%
• Other assets	0%	10%
Royalty	15%	15%
Service fees	5%	15%
Technical and management services to mining companies	5%	15%
Agricultural, livestock and fishery products	2%	n/a

Schedule 5 – Extract of section 56 of the Income Tax Act

56(1) Where the underlying ownership of an entity changes by more than fifty percent as compared with that ownership at any time during the previous three years, the entity shall be treated as realising any assets owned and any liabilities owed by it immediately before the change.

(2) Subject to the provisions of subsection (4), where there is a change in ownership of the type referred to in subsection (1), after the change the entity shall not be permitted to –

a. deduct a loss under section 19(1) that was incurred by the entity prior to the change;
b. in a case where the entity has, prior to the change, included an amount in calculating income in terms of section 25(2) or (4), claim a deduction under those provisions after the change;
c. carry back a loss under section 26(3) that was incurred after the change to a year of income occurring before the change;
d. reduce under section 36(3) gains from the realisation of investment assets after the change by losses on the realisation of investment assets before the change; or
e. carry forward foreign income tax under section 77(3) that was originally paid with respect to foreign source income derived by the entity prior to the change.

(3) Where there is a change in ownership of the type referred to in subsection (1) during a year of income of the entity, the parts of the year of income before and after the change shall be treated as separate years of income.

(4) The provisions of subsection (2) shall not apply where for a period of two years after a change of the type mentioned in subsection (1), the entity –

a. conducts the business or, where more than one business was conducted, all of the businesses that it conducted at anytime during the twelve month period before the change and conducts them in the same manner as during the twelve month period; and
b. conducts no business or investment other than those conducted at anytime during the twelve month period before the change.

(5) The entity shall have the duty to report to the commissioner immediately before and after the changes referred to under subsection (1) had occurred.

The terms "entity", "membership interest" and "underlying ownership" are defined as follows:

- "entity" means a partnership, trust or corporation
- "membership interest" in an entity means a right, including a contingent right and whether of a legal or equitable nature, to participate in any income or capital of the entity and includes the interest of a partner in a partnership, the interest of a beneficiary in a trust and shares in a corporation;

- "underlying ownership" –
  (a) in relation to an entity, means membership interests owned in the entity, directly or indirectly through one or more interposed entities, by individuals or by entities in which no person has a membership interest; or
  (b) in relation to an asset owned by an entity, means the asset owned by the persons having underlying ownership of the entity in proportion to that ownership of the entity;

Appendix 3 – Investigating Accountant's Report

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The Directors
Evolution Energy Minerals Limited
Emerald House 1202 Hay Street
WEST PERTH WA 6005

28 September 2021

Dear Directors

Investigating Accountant's Report

Independent Limited Assurance Report on the Evolution Energy Minerals Limited's pro forma historical financial information and Financial Services Guide

We have been engaged by Evolution Energy Minerals Limited (the **Company** or **you**) to report on the pro forma historical financial information of the Company for the financial years ended 30 June 2019 and 30 June 2020 and the half years ended 31 December 2019 and 31 December 2020 for inclusion in the Prospectus dated on or about 28 September 2021 and relating to the issue of ordinary shares in the Company.

Expressions and terms defined in the Prospectus have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian financial services licence under the Corporations Act 2001. PricewaterhouseCoopers Securities Ltd, which is wholly owned by PricewaterhouseCoopers holds the appropriate Australian financial services licence under the Corporations Act 2001. This report is both an Investigating Accountant's Report, the scope of which is set out below, and a Financial Services Guide, as attached at Appendix A.

Scope

Pro forma historical financial information

You have requested PricewaterhouseCoopers Securities Ltd to review the following pro forma historical financial information of the Company included in the Prospectus:

- the pro forma income statements for the years ended 30 June 2019 and 30 June 2020 and the half years ended 31 December 2019 and 31 December 2020 as set out in section 6.6 (a) of the Prospectus;
- the pro forma statement of financial position as at 31 December 2020 as set out in section 6.6 (c); and

- the pro forma statements of cash flows for the years ended 30 June 2019 and 30 June 2020 and the half years ended 31 December 2019 and 31 December 2020 as set out in section 6.6 (b) of the Prospectus.

The pro forma historical financial information has been derived from the historical financial information of Marvel Gold Limited (**Marvel**), after adjusting for the effects of pro forma adjustments described in section 6.6 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in section 6.6 of the Prospectus, as if those events or transactions had occurred as at the date of the historical financial information.

The historical financial information has been extracted from the annual and interim financial reports of Marvel for the years ended 30 June 2019 and 30 June 2020 and the half years ended 31 December 2019 and 31 December 2020. The annual financial reports were audited by PricewaterhouseCoopers in accordance with the Australian Auditing Standards. PricewaterhouseCoopers issued an unmodified audit opinion with an emphasis of matter with respect to a material uncertainty related to going concern. The interim financial reports for the half years ended 31 December 2019 and 31 December 2020 were reviewed by PricewaterhouseCoopers and BDO Audit (WA) Pty Ltd respectively in accordance with the Australian Auditing Standards. PricewaterhouseCoopers and BDO Audit (WA) Pty Ltd issued unmodified review opinions with an emphasis of matter with respect to a material uncertainty related to going concern. The historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

Due to its nature, the pro forma historical financial information does not represent the Company's actual or prospective financial position, financial performance, and/or cash flows.

Directors' responsibility

The directors of the Company are responsible for the preparation of the historical financial information and pro forma historical financial information respectively, including its basis of preparation and the selection and determination of pro forma adjustments made to the historical financial information and included in the pro forma historical financial information. This includes responsibility for its compliance with applicable laws and regulations and for such internal controls as the directors determine are necessary to enable the preparation of historical financial information and pro forma historical financial information that are free from material misstatement.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.*

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A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

Conclusions

Pro Forma historical financial information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro forma historical financial information of the Company as described in section 6.6 of the Prospectus, and comprising:

- the pro forma Statements of Financial Performance for the years ended 30 June 2019 and 30 June 2020 and the half years ended 31 December 2019 and 31 December 2020;
- the pro forma Statement of Financial Position as at 31 December 2020;
- the pro forma Statements of Cash Flows for the years ended 30 June 2019 and 30 June 2020 and the half years ended 31 December 2019 and 31 December 2020;

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 6.2 of the Prospectus being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in section 6.6 of the Prospectus, as if those events or transactions had occurred as at the date of the historical financial information.

Notice to investors outside Australia

This report has been prepared to comply with Australian law and market practice and for no other purpose.

Except for any responsibility arising under Australian law, to the fullest extent permitted by law we do not assume any responsibility or accept any liability to any person for any loss suffered as a result of, or in connection with, this report or our consent to its inclusion in the Prospectus.

This report does not constitute an offer to sell, or a solicitation of an offer to buy, any securities. We do not hold any financial services licence or other licence outside Australia. This report does not constitute investment advice and we are not recommending or making any representation as to suitability of any investment to any person.

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Restriction on Use

Without modifying our conclusions, we draw attention to section 6.2 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Consent

PricewaterhouseCoopers Securities Ltd has consented to the inclusion of this assurance report in the public document in the form and context in which it is included.

Liability

The liability of PricewaterhouseCoopers Securities Ltd is limited to the inclusion of this report in the Prospectus. PricewaterhouseCoopers Securities Ltd makes no representation regarding, and has no liability for, any other statements or other material in, or omissions from the Prospectus.

Independence or Disclosure of Interest

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of this transaction other than the preparation of this report and participation in due diligence procedures for which normal professional fees will be received.

Financial Services Guide

We have included our Financial Services Guide as Appendix A to our report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our report.

Yours faithfully

Darren Carton

Darren Carton
Authorised Representative of
PricewaterhouseCoopers Securities Ltd

pwc

Appendix A – Financial Services Guide

PRICEWATERHOUSECOOPERS SECURITIES LTD

FINANCIAL SERVICES GUIDE

This Financial Services Guide is dated 28 September 2021

1. About us

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) (**PwC Securities**) has been engaged by Evolution Energy Minerals Limited (**Evolution**) to provide a report in the form of an Investigating Accountant's Report in relation to the pro forma historical financial information (**Report**) for inclusion in the Prospectus to be dated on or about 28 September 2021 and relating to the issue of ordinary shares in Evolution.

You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

2. This Financial Services Guide

This Financial Services Guide ("**FSG**") is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwC Securities generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

3. Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds, and deposit products.

4. General financial product advice

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product

advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

5. Fees, commissions and other benefits we may receive

PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees are charged on an hourly basis and as at the date of this Report amount to $80,000 (excluding GST).

Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

6. Associations with issuers of financial products

PwC Securities and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to, the issuer of a financial product and PwC Securities may provide financial services to the issuer of a financial product in the ordinary course of its business. PricewaterhouseCoopers provides tax advisory services to Evolution from time to time.

7. Complaints

If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.

If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Australian Financial Complaints Authority (**"AFCA"**), an external complaints resolution service. AFCA can be contacted by calling 1800 931 678. You will not be charged for using the AFCA service.

8. Contact Details

PwC Securities can be contacted by sending a letter to the following address:

Darren Carton
Authorised representative of PwC Securities
Brookfield Place, 125 St Georges Terrace, PERTH WA 6000

Appendix 4 – DFS Outcomes Supporting Information

*The information in this Appendix 4 is an adaptation of the ASX announcement made by Graphex Mining Limited on 29 January 2020 "Definitive Feasibility Study confirms Chilalo as high margin graphite project" (**Announcement**), the content of which has been reviewed and adopted by Evolution Energy Minerals Limited.*

When originally released to ASX, the Announcement included reference to prospecting licence 11034/2017. These references have been removed, and other amendments made, due to the recent cancellation of prospecting licence 11034/2017. Refer to Section 3.4 of the Prospectus for details.

The Definitive Feasibility Study is in no way reliant on prospecting licence 11034/2017.

1 DFS SCOPE

Graphex Mining Limited (**Graphex**) (now Marvel Gold Limited) undertook a 12-month program of work to ensure the definitive feasibility study prepared in respect of the Chilalo Graphite Project (**DFS** or **Study**) met the standards required by international resources financiers. The Study was prepared with an approximate accuracy of ±15%.

The DFS was undertaken by independent experts with substantial experience in the graphite sector and resources projects in Africa. The scope of work undertaken for the DFS included:

- Update and release of a JORC compliant Mineral Resource Estimate.
- Investigate pit slope stability, develop a mine production plan, mine design and deliver an updated Ore Reserve.
- Complete further lab scale metallurgical test work (including variability testwork).
- Complete a bulk run – processing approximately 30 tonnes of oxide material at SGS in Lakefield.
- Develop a viable and economic process route for producing a marketable graphite product and maximise +50 mesh (+300 µm) graphite flake.
- Produce a Class 3 capital cost estimate (±15%) for the project execution phase.
- Develop and cost a tailings dam design.
- Investigate acid and metalliferous drainage, develop methods to manage the acid forming materials and include costs in both capital and/or operating expenditure estimates.
- Evaluate pit dewatering, mine site surface water management, develop a site wide water balance, assessment of ground water supply potential and impacts of mining on the ground water / surface water system.
- Ensure all regulatory requirements have been adequately progressed and where applicable, updated to allow a smooth transition from the DFS through detailed design, execution and into operation.
- Design and cost the necessary site access road upgrades.
- Evaluate transport and shipping options and costs for construction and operation.
- Revised financial model.

2 PROJECT OVERVIEW

Chilalo is located in the Ruangwa District of the Lindi Region in south-east Tanzania, 100 km north of the border with Mozambique, approximately 180 km west of the coastal port city of Mtwara on the Indian Ocean and 400 km south of Tanzania's largest city, Dar es Salaam, as shown in Figure 1.

Figure 1. Project Location

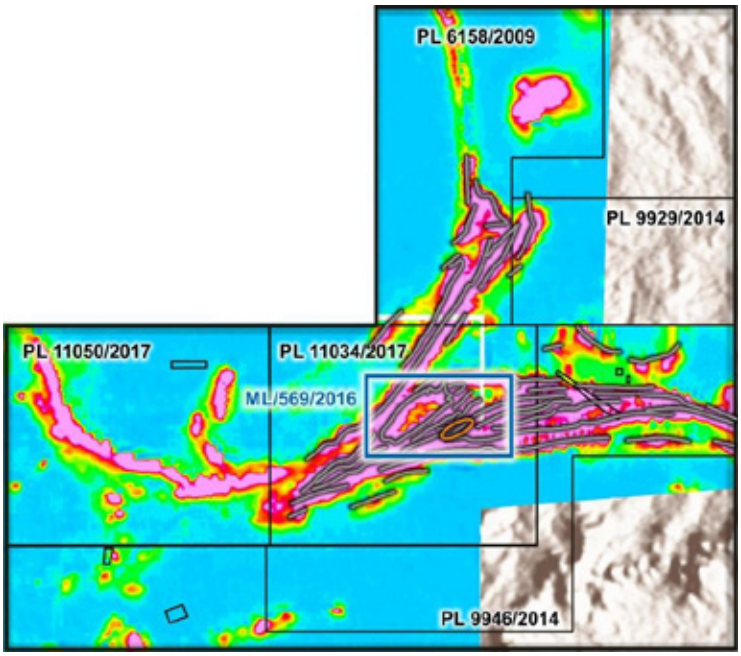
The Project is situated within the Mozambique belt, which is well known for some of the world's highest grade and coarse flake graphite deposits. Through its wholly owned UK subsidiary, Graphex Mining UK No.1 Limited, Graphex owns 100% of Ngwena Tanzania Limited, a company incorporated under the laws of Tanzania, which is the holder of the Chilalo Mining Licence and various Prospecting Licences.

Chilalo consists of five tenements: one Mining Licence and four Prospecting Licences that cover an area of 170.8 square kilometres as shown in Table 1. The location and details of the Project tenements are shown in Table 1 and Figure 2 respectively.

Table 1. Project tenements: key details

Tenement Number	Tenement Name	Expiry Date	Status	Parties	Area (km^2)
ML 569/2017	Chilalo ML	14-Feb-27	Granted – 3rd Year	Ngwena Tanzania Limited (100%)	9.81
PL 9929/2014	Chikwale	07-Jul-21	Granted - First Renewal	Ngwena Tanzania Limited (100%)	24.02
PL 9946/2014	Machangaja	07-Jul-21	Granted - First Renewal	Ngwena Tanzania Limited (100%)	48.50
PL 11050/2017	Chilalo West	12-Mar-21	Granted - Initial Period	Ngwena Tanzania Limited (100%)	48.82
					131.15

Figure 2. Location of Project tenements



In July 2014, Graphex (then as IMX Resources Limited), announced that a review of historic rock chip samples from the Chilalo tenement had identified a significant number of samples with high TGC grades. A drilling program commenced in September 2014 and a maiden mineral resource estimate was announced on 7 April 2015. Further drilling in 2015 delivered an increase in the mineral resource and upgrade in the classification of the mineral resource (Graphex ASX announcement 13 October 2015) that underpinned a pre-feasibility study, the results of which were announced on 23 November 2015.

Following a 1,365m drilling program carried out in the fourth quarter of 2016, Graphex announced an increase in the Chilalo mineral resource (ASX announcement 2 February 2017), which together with an increase in the ore reserve, formed the basis of the 2018 preliminary feasibility study undertaken by Graphex ('**2018 PFS'**).

The 2018 PFS, which also incorporated up to date graphite prices, additional testwork and revised project parameters, formed the basis for an interim financing decision pursuant to which Graphex obtained a US$5 million secured loan facility.

3 MINERAL RESOURCE ESTIMATE

During August 2019, CSA Global completed an updated Mineral Resource estimate for the Chilalo Main and North East deposits of Chilalo ('**2019 MRE**').

A total of 30 reverse circulation ('**RC'**) holes for 2,666 m and 50 diamond ('**DD'**) holes for 5,551.35 m have been drilled and analysed for graphite content directly covering the two modelled deposits. The 2019 MRE is based upon the data obtained from the 2,312.08 m of DD drill core samples and 1,305 m of RC drill chip samples which lie within the interpreted mineralisation solid wireframes. The mineralisation wireframes were modelled using a nominal lower cut-off grade of 5% total graphitic carbon ('**TGC'**) for the higher-grade core zones and a nominal 2% TGC lower cut-off grade for the lower grade surrounding zones.

The 2019 MRE is reported from all classified and estimated blocks above a lower cut-off grade of 2% TGC within the high and low-grade zones under the guidelines of the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('**JORC 2012**').[1]

The 2019 MRE is presented in Table 2 below.

Table 2. Chilalo Mineral Resource estimate

Domain	Classification	Zone	Million Tonnes (Mt)	TGC (%)	Contained Graphite (Kt)
High Grade	Indicated	Main	9.2	10.6	982
		North East	1.0	9.5	100
		All	**10.3**	**10.5**	**1,082**
	Inferred	Main	7.4	9.5	704
		North East	2.3	8.8	205
		All	**9.8**	**9.3**	**908**
	Indicated + Inferred	**All**	**20.1**	**9.9**	**1,991**
Low Grade	Inferred	Main	37.8	3.4	1,282
		North East	9.5	4.1	394
		All	**47.3**	**3.5**	**1,677**
High Grade + Low Grade	**Indicated + Inferred**	**All**	**67.3**	**5.4**	**3,667**

1. The Mineral Resource was estimated within constraining wireframe solids using a core high-grade domain defined above a nominal 5% TGC cut-off within a surrounding low-grade zone defined above a nominal 2% TGC cut-off. The resource is quoted from all classified blocks above a lower cut-off of 2% TGC within these wireframe solids. Differences may occur due to rounding.

The mineralisation wireframes were modelled by joining polygons based upon geological knowledge of the deposit, derived from drill hole logs and assay results, surface mapping and downhole and fixed loop electromagnetic modelling results. Two weathering profile surfaces representing the base of complete oxidation and top of fresh rock were generated based on drill hole lithological logging information, drill core photography, petrography and total sulphur assay results. An overburden surface wireframe was generated based on the average overburden depths established from the lithological logs. A topographic surface was generated from surveyed drill collar locations, surveyed track point spot heights and the surveyed spot height grid.

A block model was constructed using Datamine Studio software with a parent cell size of 25 m(E) x 10 m(N) x 5 m(RL). Drill hole sample analytical results were subjected to detailed statistical and

spatial (variography) analysis. Composited sample grades for TGC were interpolated into the block model using ordinary kriging with an inverse distance to the power of two weighting check estimate completed for validation purposes. Density values were assigned to the block model based on analysis of measurements taken in the three weathering state domains. The model was validated visually, graphically and statistically.

Geophysical surveys were carried out using versatile time domain electromagnetics, downhole electromagnetic and fixed loop electromagnetic methods. CSA Global is of the opinion that the geophysical results support the modelled extent of graphite mineralisation along strike and down dip at the Chilalo deposit.

Petrographic and extractive metallurgical data support the classification of the Chilalo deposit as an Industrial Mineral Resource in terms of JORC 2012 Clause 49 requirements.

Figures 3 and 4 below show the grade and classification of the 2019 MRE.

Figure 3. Image showing the grade of the high-grade resource

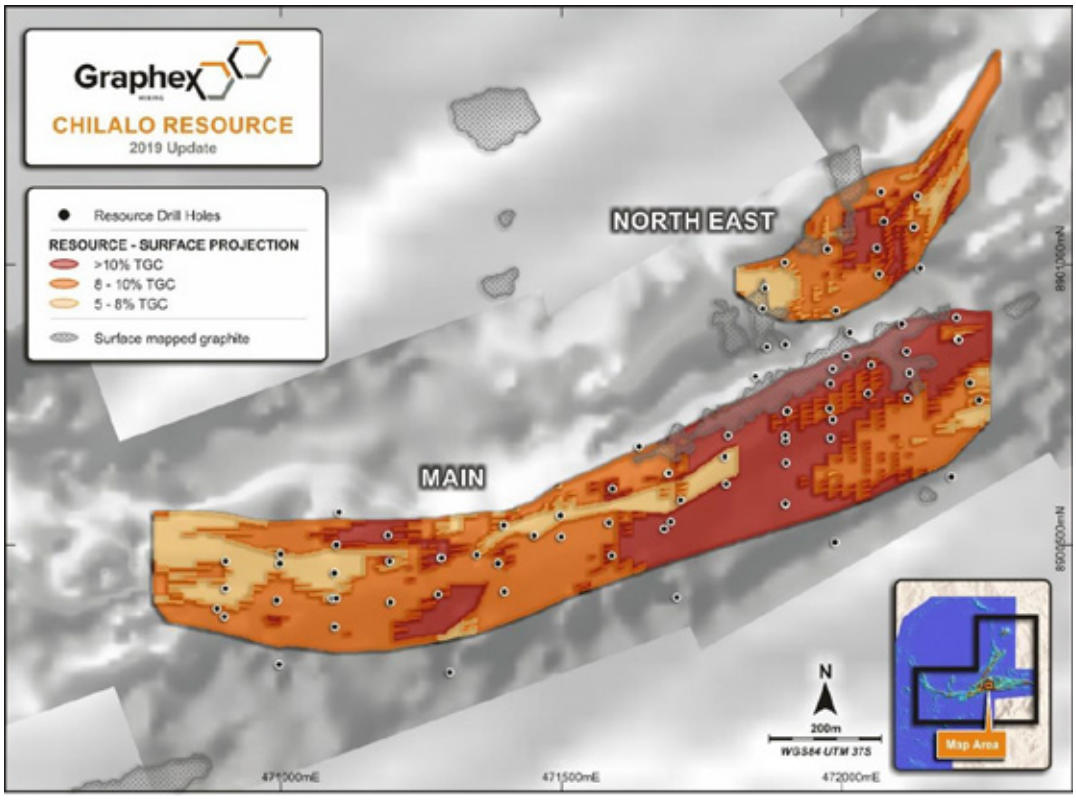
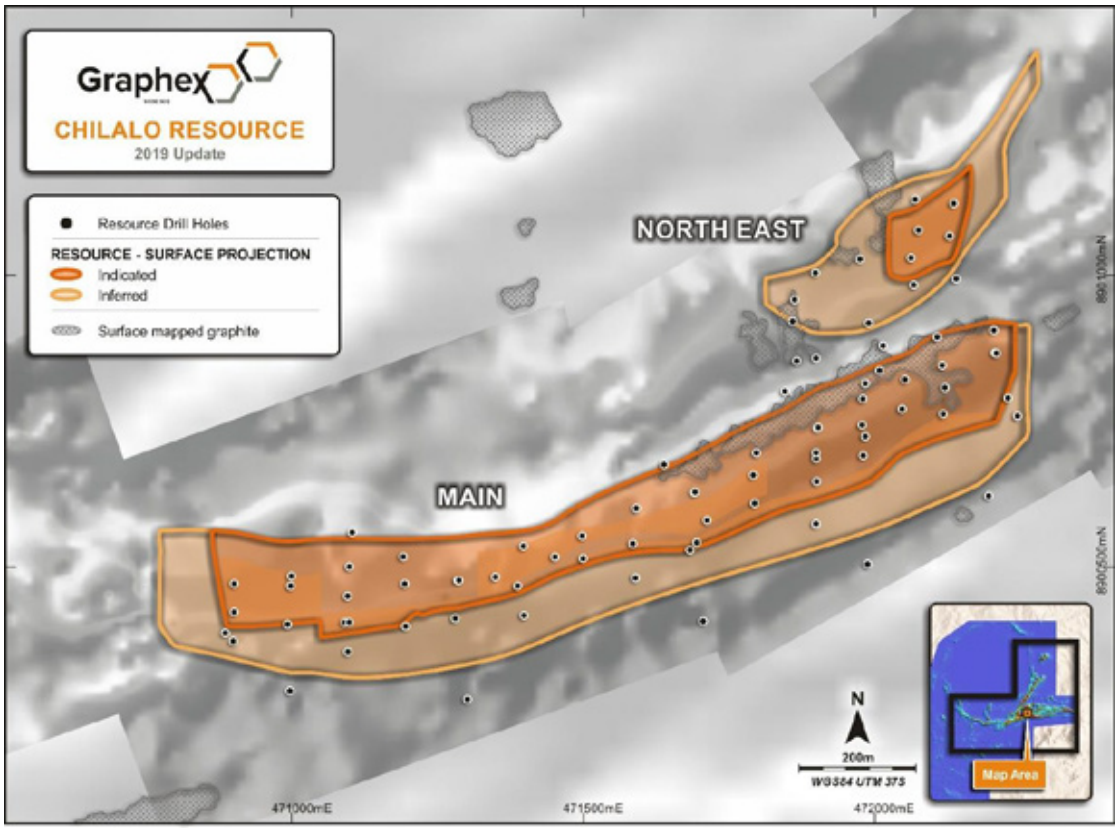


Figure 4. Classification of updated Chilalo Mineral Resource



4 MINING

4.1 Open pit mining

The Chilalo open pit mine is planned as a conventional truck and shovel operation, using 40-50 tonne articulated trucks and matching excavators. Operations include drill and blast activities for the majority of the open pit mining. Contractor mining has been assumed for the life of mine. The equipment selection is appropriate for the proposed scale and selectivity of this operation. The selected mining approach is typical for a small to medium scale open pit mining operation.

The geotechnical parameters utilised in the pit design are as per the recommendations by Open House Management Solutions geotechnical consultants.

Initial waste generated from mining is to be used for construction of the Tailings Storage Facility ('**TSF**') and thereafter to be dumped in a designed location outside of the pit.

Mining operating costs were developed by CSA Global based on a detailed mining model and by using budget estimates from mining contractors with Tanzanian experience. Mining capital costs have been estimated for mobilisation, clearing and topsoil stockpiling, waste for construction purposes, waste pre-strip, and haul road construction.

A fixed value of 10% was used for mining dilution in pit optimisations, production scheduling and cash flow model. A grade of 0% TGC was assumed for dilution material. Dilution for tonnes and grade was also calculated through a dilution skin method and concluded the selected dilution is reasonable.

A fixed value of 95% was used for mining recovery in both optimisations and production scheduling.

4.2 Pit optimisation

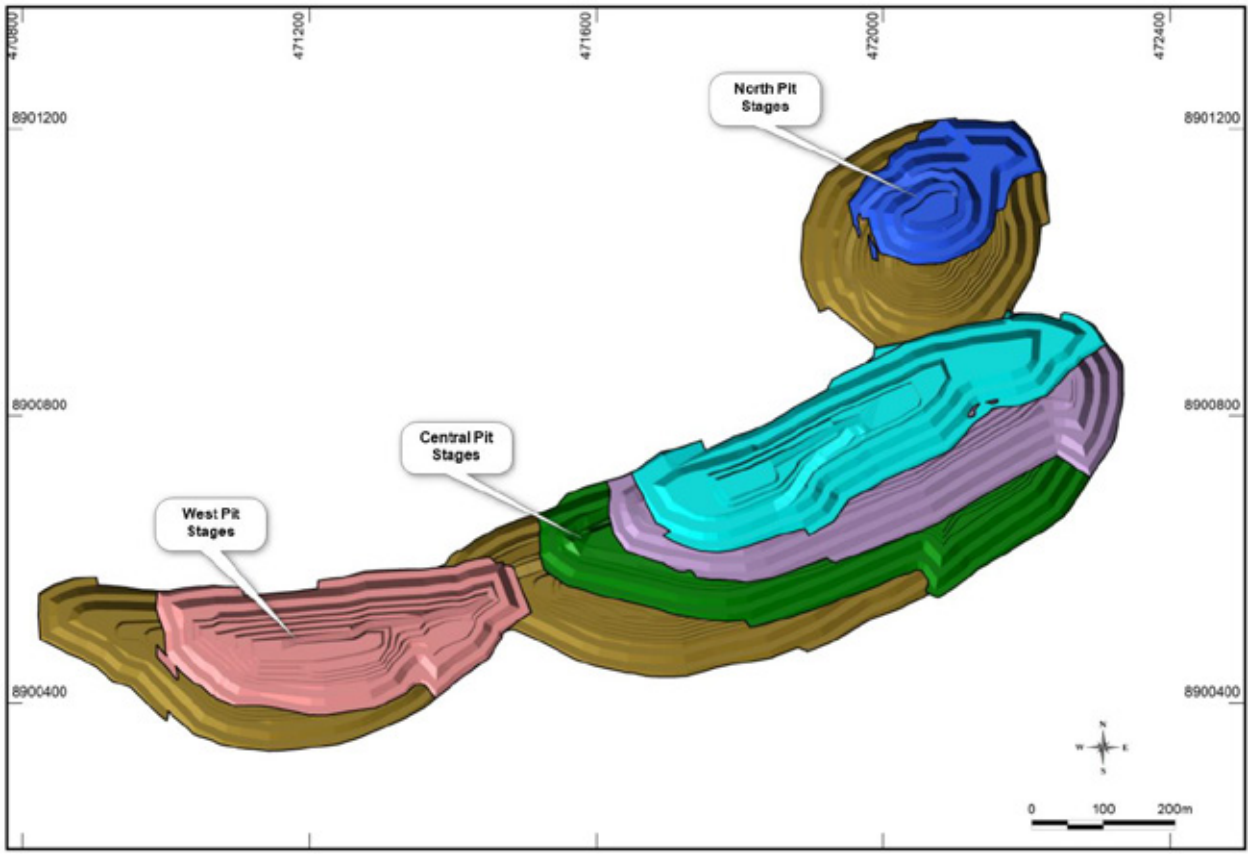
Whittle™ software has been used to generate a series of economic pit shells for this deposit using the Mineral Resource block model and input parameters as agreed by Graphex and CSA Global.

The positive net value method is applied for Indicated ore. Using the selected parameters, a set of nested pit shells were produced by the Whittle optimisation software. The pit shells were used to determine trends in mineralisation and/or higher-grade areas which offer a best-case scenario for grade and discounted cash flow (DCF).

4.3 Mine plan

The West and North pits are scheduled to be mined in two stages whilst the Central pit is scheduled to be mined in four stages as shown in Figure 5 below.

Figure 5. Pit design in stages



4.4 Production and Sales

Table 3 below shows the DFS production and sales profile assumptions from years 1 to 7 of the various graphite products expected to be produced by Graphex.

Table 3. Graphite sales profile – increasing volumes to high-value applications

Product ('000)	1	2	3	4	5	6	7
Flake graphite concentrate sales	43	56	50	48	45	39	28
Feedstock to Expandable Graphite	-	-	3	6	9	12	12
Feedstock to Micronised Graphite	-	1	2	3	5	6	8
Additions to inventory	3	2	-	-	-	-	-
TOTAL PRODUCTION	**46**	**59**	**55**	**57**	**59**	**57**	**48**

4.5 Ore Reserve

The Ore Reserve estimate for the Chilalo Graphite Project is summarised in Table 4 below and should be read in conjunction with the information required by ASX Listing Rule 5.9.1 and section 4 of Appendix D which contains the JORC 2012 Table 1 Reporting.

Table 4: Chilalo Graphite Project Ore Reserve Estimate

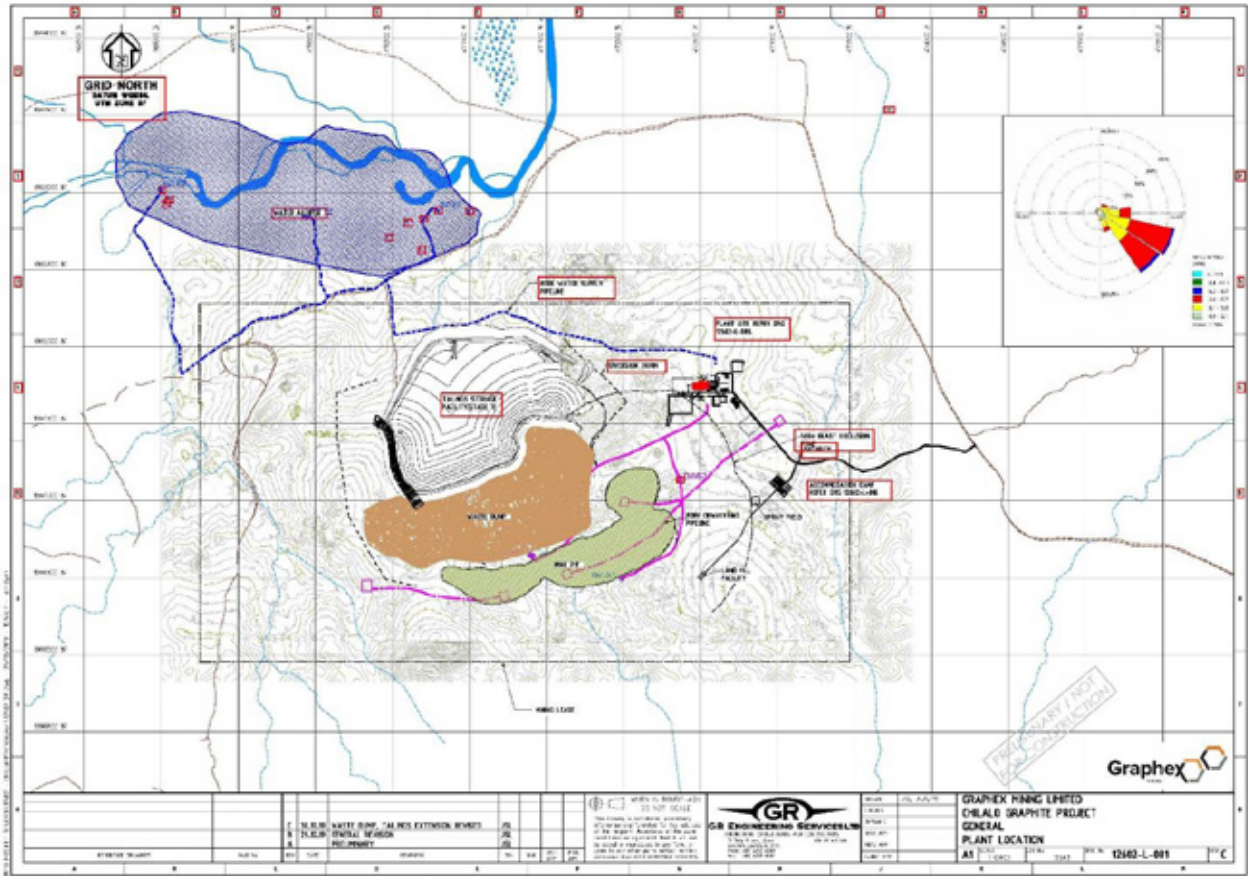
Deposit	JORC classification	Tonnes (Mt)	Grade TGC (%)	Contained Graphite (Kt)
Chilalo	Proved	-	-	-
	Probable	9.2	9.9	878
Total		**9.2**	**9.9**	**878**

A summary of the key DFS information including material information for the Ore Reserve is included in the body of this announcement. Additional details of the material assumptions are set out in Appendix B and Appendix D (JORC 2012 Table 1).

4.6 Site layout

The site layout is shown below in Figure 6.

Figure 6: Site layout



5 METALLURGY AND PROCESSING

5.1 DFS testwork

Approximately 2t of drill core was used to form global master composites as well as establishing variability composites for the DFS.

The master composites were either Fresh or Oxide ore composites with samples coming from all three areas of the resource (North, Central and West). The samples were selected based on consultation with the CSA Global geological consultant and included consideration of sample representivity, appropriate cut off grades, location within the likely pit shells, mineralisation continuity, mining widths, lithology, weathering, internal waste dilution and spatial representivity within the pits.

The variability composites were formed by splitting the three resource areas into fresh and oxide zones and preparing six individual composites representative of resource area and weathering.

Testwork and optimisation on master composites and subsequent variability testwork indicated a reduction in the flake size distribution from the 2018 PFS. Whilst numerous tests were performed, Table 4 below shows the flake size distribution results for each final variability test at the targeted purity of 95% LOI.

Table 4: Variability testwork – flake size distribution

Mesh size	Microns	North oxide	North fresh	Central oxide	Central fresh	West oxide	West fresh	Weighted average[1]
% of Feed		2%	7%	9%	62%	5%	15%	**100%**
+20	> 850	2.7	0.6	-	0.6	0.7	1.2	**0.7**
+32	500 – 850	12.9	8.8	5.1	10.8	7.0	9.6	**9.8**
+50	300 – 500	20.3	18.0	28.3	20.7	18.1	19.9	**20.6**
+80	180 – 300	20.9	23.5	30.7	27.7	27.5	27.2	**26.9**
+100	150 – 180	4.9	5.6	8.5	6.1	6.3	6.3	**6.3**
-100	< 150	38.3	43.4	27.4	34.1	35.9	35.9	**35.8**

1. Weighted by contribution to life of mine feed to the plant.

Optimisation included variations in polishing times and attritioning times, grinding media size, reagents, alternative equipment and the use of Chilalo site water. Samples from each variability composite were also taken for petrographic analysis / investigation. The petrography program was designed to quantify the number of large flakes present in the ore for each of the variability samples and to understand the extent to which the coarse flakes were liberated, split, thin or composited.

Graphex also engaged the Beijing General Research Institute of Mining and Metallurgy (**BGRIMM**) to undertake a peer review of the testwork and the flowsheet. BGRIMM's view is that the Graphex flowsheet was well suited to flake size preservation. BGRIMM made various recommendations regarding the flowsheet, a number of which have since been incorporated.

The testwork program included a pilot plant campaign conducted by SGS Lakefield on 27t of near surface weathered material collected from trenches. One of the purposes of the pilot plant campaign was to confirm whether the proposed flowsheet and lab scale results would be achievable at pilot scale and as such what scale-up might be achievable in the commercial operation. Table 5 below shows the results of the pilot plant campaign alongside the SGS lab results on the same material.

Table 5: SGS Lakefield pilot plant and lab results on trench sample

Mesh size	SGS – pilot plant	SGS – lab test
+32	16.3	14.5
+50	24.0	21.8
+80	18.9	29.4
+100		
-100	40.8	34.5

The pilot plant results and the lab results are in good agreement, further validating estimated commercial plant performance.

5.2 Flake size distribution and weighted average concentrate sales price

Following the pilot plant validation of the proposed flowsheet and laboratory results, the financial model included the variability testwork results in Table 4 above for each location within the ore body.

Table 6 below shows the average sales price assumed by Graphex for Chilalo concentrate. The increasing price is not dependent on price rises of graphite more broadly but on the expected qualification of Chilalo graphite into higher value markets/applications.

Table 6: Average sales price for Chilalo flake graphite concentrate

Mesh size	Microns	Mass Dist. %	Price (Yr1)	Price (Yr2)	Price (Yr3)	Price (Yr4)	Average (LOM)
+20	> 850	0.7	5,000	5,000	5,000	5,000	5,000
+32	500 – 850	9.8	2,359	2,582	2,895	3,031	3,017
+50	300 – 500	20.6	1,745	1,935	2,235	2,357	2,242
+80	180 – 300	26.9	1,057	1,133	1,251	1,299	1,270
+100	150 – 180	6.3	794	853	945	983	969
-100	< 150	35.8	631	673	735	761	749
Weighted average sales price (US$/t) FOB			**1,178**	**1,303**	**1,475**	**1,535**	**1,534**

In addition to discussions with potential customers, Graphex considered pricing from numerous independent sources including Roskill, Industrial Minerals, Benchmark Mineral Intelligence, RefWin-China, Global Trade Atlas as well as its own expert graphite market consultants.

5.3 Expandable Graphite (EG) processing

In preparing the DFS, Graphex engaged numerous end users as well as three independent laboratories to evaluate the use of Chilalo flake graphite (in various mesh sizes) for the production of expandable graphite and to determine how Graphex expandable graphite would perform when compared to other expandable graphite producers and products. Evaluations have consistently concluded that Chilalo flake graphite, using two different intercalation / oxidation compound formulas, meets the performance characteristics for graphite foils and fire-retardants. Due to its unique chemistry markers, Chilalo flake graphite meets critical parameters that are required for fire-retardant manufacturers.

Figure 7 below demonstrates the flow from flake graphite concentrate to expandable graphite to expanded graphite.

Figure 7: Process flow chart for expandable graphite and expanded graphite

Graphex initially identified numerous international companies with demand for multiple grades of expandable graphite (shown as 'Fire-Retardant Customers' in Figure 7).

Relationships with China's largest expandable graphite manufacturer, Yichang Xincheng Graphite Co Ltd, can be leveraged with a view to toll-treating Chilalo graphite concentrate into the

desired expandable graphite specifications for a processing fee. Importantly, this opportunity requires no capital investment, carries low technical risk as it leverages from existing processing expertise and provides Evolution with immediate access to the rapidly growing fire-retardant market. It should be noted that Chilalo graphite will likely follow the path from Chinese expandable graphite manufacturer to western fire-retardant customers without Evolution's intervention.

5.4 Micronised Graphite processing

Micronised graphite is a processed form of natural or synthetic graphite, produced by fine grinding flake graphite concentrate into specific micron particle size distributions. This process allows smaller mesh sizes (-100 mesh or -200 mesh) to be used as raw material feedstock, creating a high potential margin for producers. The key requirements of micronised graphite are achieving a range of micron particle size distributions (**PSD**) and PSD axis variances to meet the various specifications and performance metrics for targeted applications.

Evolution has identified a large number of micronised graphite customers and the detailed technical specifications of five standard products required by those customers. Whilst contract sizes can be relatively small, the substantial uplift in value has the potential to significantly increase margins.

Graphex conducted micronisation equipment product trials with a milling equipment supplier that provides a fully automated, programmable processing system that can achieve up to a ~1.5% improvement in finished product purity. The preferred milling system achieves a yield of ~ 95% on average from the original feedstock with the ability to produce five industry-standard micronised grades to meet market specifications. Figure 8 below demonstrates the flow from flake graphite concentrate to micronised graphite and also lists some of the key applications using micronised graphite.

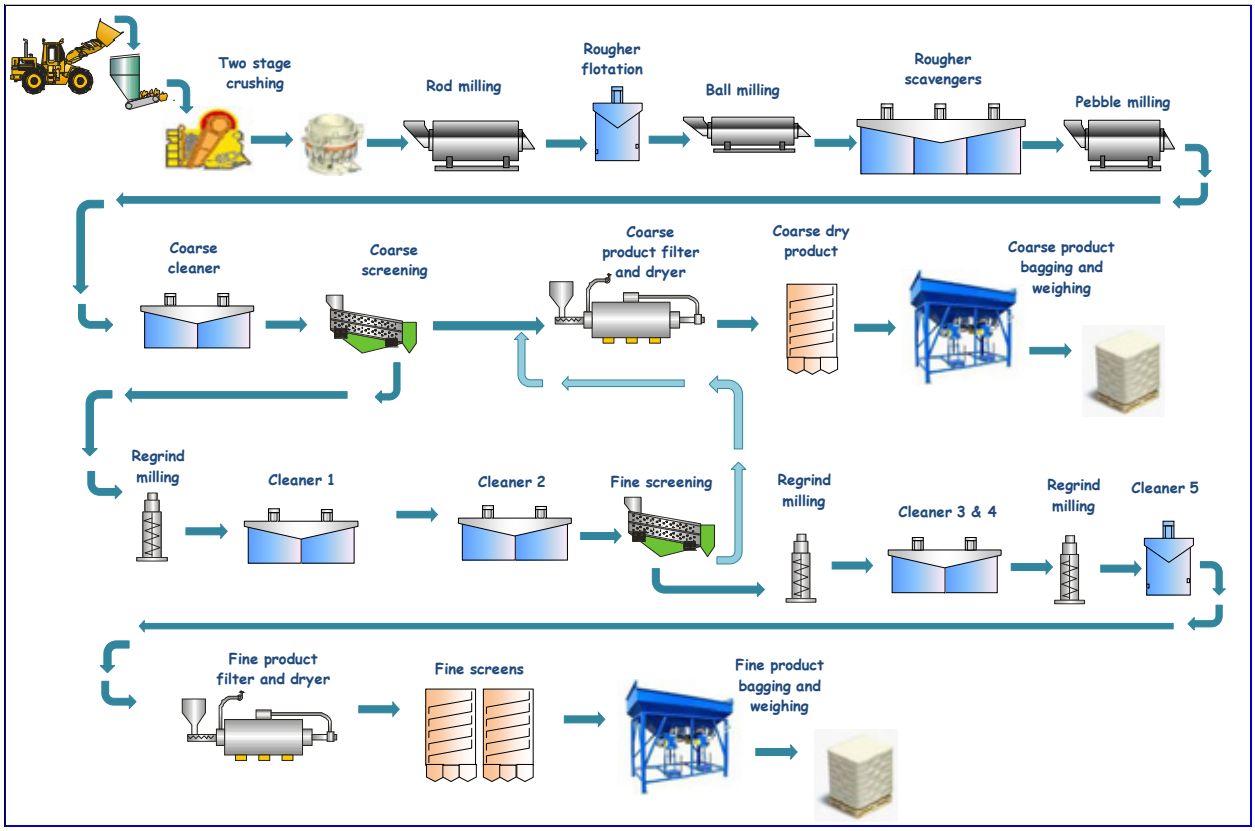
Figure 8: Process flow chart for micronised graphite

6 PROCESS PLANT AND ON-SITE INFRASTRUCTURE

6.1 Flowsheet

Set out below in Figure 9 is a simplified flow sheet for the Chilalo process plant.

Figure 9. Simplified flow sheet



6.2 Process plant

The Chilalo processing plant has a design throughput rate of 500,000 tonnes per year. The processing plant design for the Project has been based on the process design criteria which has been derived from the testwork and confirmed with pilot plant work (see Section 5, Metallurgy and Processing).

The flowsheet uses proven metallurgical processes based on industry norms or specific vendor testwork that will optimise recovery and minimise operating costs. Equipment selections have been based on fit for purpose duties, reliability and ease of maintenance. To ensure confidence in the process plant equipment selection, all major equipment enquiries were issued to three different vendors and technical adjudications completed on the equipment sizing information provided.

The layout of the plant has been optimised to improve operability, ease of maintenance access and to minimise capital costs.

- ***Crushing and screening***

  The crushing circuit will be a conventional two stage crushing circuit with a jaw crusher as the primary crusher and a cone crusher as the secondary crusher. The secondary crusher will be in closed circuit with a double deck vibrating screen. The size reduction will be from approximately 500mm to 25mm through the crushing and screening circuit. Comminution testwork was completed by ALS Perth.

- ***Grinding and classification***

  Primary grinding will be carried out in a rod mill, which will operate in closed circuit with a rod mill screen. The undersize from the rod mill screen will feed a flash flotation rougher flotation cell, while the screen oversize will be reground in the primary mill. The rougher cell will recover fast floating coarse graphite which will report to the flotation circuit. The rougher tail will gravitate to the ball mill discharge hopper where it will be pumped to the ball mill cyclones. Testwork on wet screens was performed by NAGROM. Comminution testwork was completed by ALS.

- ***Flotation***

  A conventional flotation process will be used to recover graphite concentrate. The flotation circuit will consist of rougher scavenger flotation with regrind followed by multiple stages of screening, cleaning and attrition grinding. The rougher scavenger and the majority of the cleaning cells will consist of conventional rectangular cells. A Jameson cell will be installed in the final cleaning duty to recover the fine graphite.

  The coarse cleaning circuit will consist of a regrind mill, two banks of coarse cleaners (coarse cleaner 1) and a coarse graphite separation screen. The cleaning circuit will consist of three regrind mills, five banks of cleaner cells and two coarse graphite separation screens.

  Sample points will be provided to assist ensuring the metallurgical targets for the flotation circuit are met.

- ***Filtration and drying***

  The final concentrate is then filtered, dried and classified into eight product bins that allow different product grades. Filtration testwork was carried out by Outotec.

  The processing plant includes a coarse filter feed tank and a fine filter feed tank. Moist concentrate cake discharged from the respective filters will feed separate fine and coarse dryers. The filtrate from each filter will gravitate to their respective filtrate tanks from where it will be pumped to the process water pond. The concentrate discharged from each filter will be fed into separate coarse and fine rotary dryers, which will reduce the moisture content of the concentrate to less than 0.5%.

  Coarse concentrate from the coarse dryer will be conveyed from the coarse dryer product bin and distributed between two off primary product screens, which will separate the coarse flake into three streams, a +850 µm fraction, a -850 µm +500 µm fraction, and a +300 µm fraction. Fine concentrate will be conveyed from the fine dryer product bin and distributed between six tertiary product sizing screens ranging from -75 µm to +180 µm.

  Should different graphite concentrate product sizes be required, screen decks can be changed to suit specific customer requirements.

- ***Flexibility in packaging***

  Providing flexibility in packaging options is important to ensure it can meet the needs of customers' product handling equipment. The plant has been designed to cater for diverse packaging requirements.

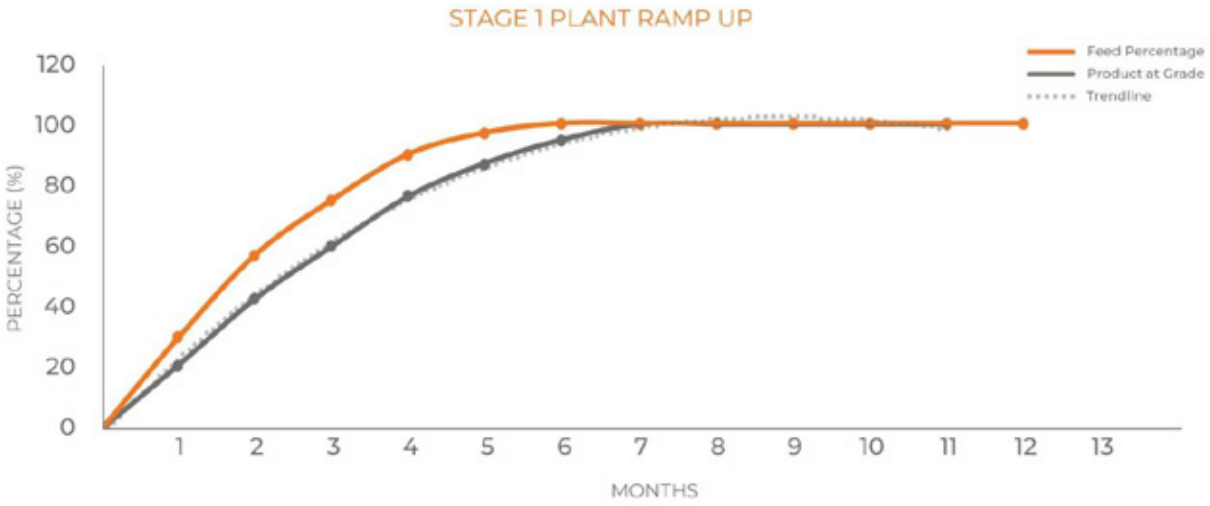
6.3 Process plant commissioning

Set out in Figure 10 below are the processing plant commissioning assumptions regarding:

- Plant feed rate (as a percentage of designed feed rate); and

- Graphite recovery (as a percentage of expected recovery).

Figure 10. Chilalo processing plant commissioning assumptions



The orange coloured line represents the ramp-up to plant capacity whilst the difference between the orange and the grey coloured lines represents graphite not recovered or recovered but not within targeted specifications.

6.4 On-site infrastructure

- ***Power***

  The Project is estimated to have a maximum demand of 2.8 MW, with an average load of 2.4 MW and an energy consumption of 20.8 GWh/yr, most of which is needed to supply the processing plant.

  The power requirement will be met by utilising a specialist power provider who will provide the applicable power generating equipment and associated diesel storage facilities to provide power on a Build Own Operate and Maintain (**BOOM**) arrangement.

- ***Plant Power Station***

  The plant power station will consist of a number of independent generating sets connected to a common 415 V busbar and will be positioned next to the process plant. The total number of generators will be governed by a minimum operating philosophy of N+1, where N equals the number of generators required to be in operation at any one time to cope with maximum demand. This will ensure maximum reliability of the power supply. The installation of concrete pads to accommodate the generator sets has been allowed for in the capital cost.

  Other areas that require power, including the accommodation village and the bores and tailings return pumps will have dedicated generators with standby capacity.

- ***Site Power Distribution***

  Processing plant power at 415 V will be distributed throughout the site to plant motor control centres and plant infrastructure facilities via buried cable. Accommodation power at 415 V will feed the main camp distribution board supplied by the camp provider. Remote pumps will be powered by gensets connected to their respective control panels.

- ***Fuel Storage and Dispensing***

  The major site fuel storage will be located adjacent to the power station. It will be constructed using a horizontal fuel tank contained within a bunded area and supplied, installed and maintained by the power station provider. Diesel fuel will be delivered to site by road tankers where the fuel will be discharged into the storage tanks. There will be a single point loading facility with reticulated pipework to transfer diesel fuel to the tanks.

  Fuel for the plant generators and plant dryers will be pumped from the tanks using dedicated pumps. Fuel supply to the remote generators will be done using a trailer mounted fuel tank and bowser. Fuel meters will be installed on filling and feed points to account for fuel usage. The storage tanks will have a fuelling point that will service plant and light vehicles operating in the process plant facility.

  The installation of concrete pads to accommodate the fuel storage tanks has been allowed for in the capital cost.

  The mining contractor will establish a separate fuel storage facility to service the mining fleet and pit dewatering pumps. This facility will be located in the mine contractor's compound.

- ***Water supply***

  The water balance study has shown that the mine's demand (maximum of 26L/s for process and dust suppression) can be met by supplies from:

  - Open pit dewatering bores;
  - In-pit dewatering sumps to remove surface and rainfall ingress;
  - Return flow from tailings; and
  - A borefield installed into the Mbwemkuru palaeochannel.

  To reduce surface water inflow and potential for flooding, all works for diversion of surface flow around the open pits is planned to be in place from start of mining. Significant inflow from surrounding catchments will still occur until end of year 7 when North Pit is mining is complete. At this time North Pit will become storage for surface inflow, reducing surface water contribution to the overall water supply.

  During periods of low rainfall, the Mbwemkuru borefield will be equipped to make up supply shortfall. The borefield has been shown to produce sufficient yield to replace other sources for extended periods if required.

- ***Concentrate storage***

  The concentrate storage shed at site, which will abut the bagging plant, is a dome shaped construction with dimensions of 24 metres long by 30 metres wide by 9.4 metres high (dome height) capable of holding approximately two weeks of production.

  Graphex will be allocated 3,000m2 of undercover storage area within the logistics contractor's bonded warehouse which is sufficient to store approximately 5,000t of finished products (10% of annual production) if they are stacked to a height of three bags. This allows Graphex to retain a 'safety stock' of packaged product across all flake sizes, in order to be positioned to readily respond to unplanned customer orders that require immediate delivery.

- ***Mining facilities***

  The mining facilities comprise the mining contractor's compound. The buildings, workshop, washdown and mining equipment associated with these facilities will be supplied by the mining contractor. The mining contractor's facilities (office, workshops and ablutions) will be placed in a security fenced compound located north west of the processing plant.

- ***Accommodation***

  The permanent camp accommodation will initially be used for construction personnel to limit the impact of the influx of people into the area. General labour will be located in the surrounding towns and villages. Allowances for accommodation and messing have been included in the build-up of construction labour rates.

  The 180-person accommodation capacity of the camp has been determined as that required for the estimated operations workforce. The estimate covers variability in estimates of workforce numbers, staff turnover, the requirements for visitors and the need to accommodate extra personnel for maintenance shutdowns.

7 TAILINGS STORAGE FACILITY ('TSF')

The TSF at Chilalo has been designed to store the quantity of tailings that will be produced over the life of mine.

The initial embankment will be a maximum of 12 m high and approximately 700 m in length. It is anticipated that by the end of mine life, the main containment embankment will have a maximum height of approximately 24 m and will be 1550 m long with a total impoundment volume of approximately 9 Mm^3. The upstream embankment face will be lined with a bituminous geomembrane and the TSF impoundment will be lined with a high-density polyethylene ('**HDPE**') membrane.

Six stages of raising have been allowed for. Materials for embankment raising will be obtained predominantly from mining operations, with the low permeability zone material recovered from near surface borrow pits.

Tailings properties have been determined on the basis of laboratory testing conducted on samples of oxide and fresh tailings produced during pilot plant operation. Geotechnical design parameters have been assigned on the basis of available geotechnical investigation data from drilling of three boreholes on the main embankment alignment and excavation of 29 test pits in the TSF impoundment, waste dump, and pit footprint areas.

Design of the TSF has taken into account the following guidelines:

- The United Republic of Tanzania Ministry of Water, "The Water Resources Management Act (Dam Safety)"; and

- The Australian National Committee on Large Dams – Guidelines on Tailings Dams – Planning, Design, Construction and Closure.

8 HYDROLOGY AND HYDROGEOLOGY

The mine site is located in an area of relatively high, but very seasonal rainfall (the wet season runs from the end of November to April) and an area of low groundwater potential in and around the ore body. As a result, groundwater inflow into the open pits is low (<3.5 L/s), although wet season pumping of rainfall and surface water inflow (from localized pit area catchments) is likely to be necessary.

8.1 Mine dewatering

Pit dewatering is proposed by:

- Pumping of three low yielding dewatering bores already installed outside of the proposed open pits (estimated maximum of 2.4 L/s); and
- Sump pumping, from the base of the three different sub-pits (average 28 L/s during the wettest month of January for an average rainfall year).

Yield from dewatering bores will be directed to the process plant. Impacted yield from sump pumping of open pits will be directed to the TSF. This will permit settling of sediment from stormwater before TSF bleed is pumped to process plant storage.

Both groundwater inflow and pit stormwater dewatering infrastructure will be required to manage water entering the pit. Three dewatering bores are proposed to be located just outside of the pit footprint, fitted with pumps and associated pipeline infrastructure. These bores serve to assist in maintaining water levels within the pit below the water table to allow mining to occur. Dewatering from inflow to bores will be transferred via pipeline to the process plant for use in the process water circuit.

Additionally, runoff will enter the pit via direct rainfall and the draining of external catchments following rainfall events. This runoff is proposed to be removed via multiple pipelines and pump systems located in the pit sumps and will be directed to the TSF for settling of sediment, where it will contribute to the TSF bleed and process water supply.

8.2 Surface water management

Surface water management measures including diversion drains, flood bunding and sediment basins, have been designed to prevent flooding of mine operations following a large rainfall event. Where possible, clean water will be diverted around mining infrastructure and released to a downstream channel. Sediment-laden water with similar quality to streams (including runoff from capped waste rock dumps) will be diverted to sediment basins, ultimately being released to the environment once sediment has been removed.

The primary diversion drain is proposed to be implemented at project initiation to divert an upstream catchment of 4.4 km2 (from the south) around the pit footprint and release it to a drainage path to the west of the project site. The drain is expected to be approximately 1.7km in length with flow depths not exceeding 1m. Additional smaller diversions are proposed to divert external runoff along the waste dump's east and west boundaries towards sediment basins, with catchment areas of 20 and 70 ha, respectively.

Flood bunding is proposed to be implemented around the camp footprint, while no diversions are required for the plant infrastructure.

9 OFFSITE INFRASTRUCTURE AND LOGISTICS

9.1 Road access

Access to the Project from the city of Mtwara (approximately 240 km), is via a bitumen road to Nanganga (148 km), from which there is an unsealed road of approximately 60 km from Nanganga to the village of Ruangwa. From Ruangwa, there is an unsealed road of 32 km to the Project.

Access to the Project from Dar es Salaam (approximately 638 km) uses the existing national road network which passes through the towns of Nangurukuru, Lindi and Mingoyo before connecting with Nanganga. With the exception of two sections of the road – Nanganga to Ruangwa (60 km) and Ruangwa to Chilalo (32 km) – the entire road from Dar es Salaam is bitumenised. The Government is considering upgrading the road from Ruangwa to Kiranjeranje (Figure 11), which would allow for Chilalo product to be trucked from site to Dar es Salaam via Kiranjeranje. This

would reduce the distance from Chilalo to the Dar es Salaam Port to approximately 400km and result in material savings in both trucking time and cost (approximately US$20/t).

Figure 11. Chilalo Project: Existing and proposed road upgrades

Design of the road from Ruangwa to the mine has been completed. This road has been designed in accordance with the standards of the Tanzanian Rural and Urban Roads Agency and will be suitable for regular traffic of trucks and for large low-bed semi-trailer trucks.

A major intersection will be constructed at the intersection of the mine access road and the road from Ruangwa to ensure a clear view of activities for vehicles and pedestrians. A major road will be constructed from this intersection to the mine site which will be used to access the plant site for construction and then in operations to transport bagged graphite product from site and to bring in reagents, spares, diesel and other consumables. This road, which is situated within the area of the Mining Licence, will be 9 m wide to accommodate two-way traffic, unsealed and have a design speed of 60 km/h.

9.2 Air access

At Mtwara there is a commercial airport from which daily passenger flights to and from Dar es Salaam take place. The Mtwara Airport has two runways, the longest of which is asphalt surfaced and is capable of receiving commercial aircraft. A private air strip at Nachingwea, located approximately 50 km from Chilalo, and accessible by a good quality gravel road, is also available for air freight and chartered passenger aircraft.

9.3 Product transport and shipping

Graphite products produced at Chilalo will be transported by truck to the international port of Dar es Salaam, a distance of approximately 638km.

10 PRODUCT MARKETING

10.1 How is the graphite market different to other commodities?

Flake graphite is not an exchange-traded commodity and trading of flake graphite does not take place on the London Metals Exchange. Prices are negotiated directly between buyer and seller. Independent information regarding graphite pricing and market supply/demand is therefore difficult to come by as it's treated as the intellectual property of suppliers and customers.

Flake graphite is not a commoditised or homogeneous product. It comes in many different sets of specifications, each with unique characteristics. As a result, there are wide-ranging uses of the different mesh sizes and purity levels of flake graphite.

The physical and chemical properties of each flake graphite 'signature' are unique from one mine to another. Graphite suppliers are therefore required to qualify their products directly with potential customers. This process begins with customer testwork on laboratory samples. Once it has been determined that the graphite product is suitable, customers will request trial orders from commercial production ranging from 5-100 tonnes. Once trial orders have been confirmed to meet customer specifications, sales agreements can be negotiated.

The process of qualification is more stringent for customers of high-value or higher specification flake graphite. For example, customers requiring graphite for fire-retardants can go through qualification timeframes of 12 - 24 months. Conversely, there is little qualification required for refractory graphite, with the minimum carbon purity being the only requirement. Flake graphite products requiring more unique/stringent quality requirements will achieve higher prices as a result while prices for selling into refractory manufacturing are low.

10.2 Chilalo product

The Chilalo resource has a distinct signature, possessing specific metallurgical and chemical attributes ideally suited for foils, fire-retardants, engineered products, lubricants, and thermal drilling fluids. The Chilalo resource has proved that it can be processed, using standard flotation, to achieve 95% to >99% LOI as well as achieving higher than average coarse flake fractions. These attributes are expected to produce a high-value product suitable for high-tech and higher priced applications.

The Chilalo process plant will have the screening capability to produce up to 8 different standard mesh size products at one time and with the interchangeability of screen decks, it will have the capacity to meet customer's expectations irrespective of their mesh size requirements.

Two base range carbon purities will be offered with the ability for additional processing to meet customer-specific and market mesh size specifications in the future. Once commercial production of the base range products has been achieved, production and qualification with a high purity (>99% LOI) product will be pursued.

10.3 Graphite pricing

Graphite does not trade on a designated metal exchange, with prices negotiated between buyer and seller. These factors result in pricing for graphite being opaque.

Maximising sales prices requires consideration of numerous activities outside of merely providing high-quality graphite products, including ISO certification for quality control and environmental, provision of a range of packaging options for customers, flexible product screening, branding and assessing the nature of the sales counterparty, sales contract volume and term. Of course, flake size and purity are major drivers of pricing.

The DFS pricing assumptions are provided further above in Table 6.

10.4 Marketing strategies

The sales and marketing strategy is multi-faceted and is focused on maximising revenues and margins and positioning Graphex as the supplier of choice for high-value graphite products.

This approach is expected to enable the achievement of diversifications across three key areas:

- **Geographical diversification** – in 2019, Graphex strengthened its customer engagement with potential customers in Europe, USA and Japan, complementing its already strong relationships in China.

- **Diversification in applications / markets** – in addition to a focus on expandable graphite for foils and fire retardants, additional applications can be targeted including thermal management, lubricants, carbon brush, high-end refractories, dispersions, ceramics and hot metal toppings. Graphex was focused only on high-value applications for which Chilalo graphite is suitable and as such, does not intend to participate in the competitive refractory tendering processes which represent the low-price, high-volume end of the graphite market.

- **Diversification of flake graphite vs value-added products** – owing to longer qualification timeframes and more stringent reliability and consistency requirements for most value-added graphite products, pricing of these products is less volatile than pricing for flake graphite concentrate. A sensible value-added strategy will enhance revenues and profits prior to consideration of production expansions.

- Its Chilalo product is qualified with high-value customers in the early years of operations, the average sales price for standard mesh flake graphite concentrate is expected to increase.

10.5 Expandable graphite (EG)

In preparing the DFS, numerous end users as well as three independent laboratories were engaged to evaluate the use of Chilalo flake graphite (in various mesh sizes) for the production of expandable graphite and to determine how Chilalo expandable graphite would perform when compared to other expandable graphite producers and products. Evaluations consistently concluded that Chilalo flake graphite, using two different intercalation / oxidation compound formulas, meets the performance characteristics for graphite foils and fire-retardants. Due to its unique chemistry markers, Chilalo flake graphite meets critical parameters that are required for fire-retardant manufacturers.

Numerous western fire-retardant customers were identified with demand for expandable graphite. Fire-retardant customers do not purchase flake graphite concentrate. They buy expandable graphite that is exclusively manufactured in China. Rather than selling graphite concentrate to a Chinese expandable graphite manufacturer who then makes substantial margins upgrading it into expandable graphite for fire-retardant customers, due diligence was conducted on various Chinese expandable graphite manufacturers to act as a processing agent for a fee.

Importantly, this opportunity requires no capital investment, leverages from existing processing expertise and provides immediate access to the lucrative and rapidly growing value-added markets. It should be noted that Chilalo graphite will likely follow the path from Chinese expandable graphite manufacturer to western fire-retardant customers without intervention. The opportunity to share in this upside is compelling.

The suitability of Chilalo graphite for the required specifications was exhaustively tested, with the plan to work with the EG Processing Agent to lab qualify Chilalo expandable graphite with the targeted customers. Qualifications from commercial production can take 12-24 months from first trial shipment with 24-month qualification timeframes and a protracted sales ramp-up being included in the DFS assumptions.

The DFS is based upon pricing between US$5,200 and US$6,200 FOB per tonne for expandable graphite dependent on the flake size of the feedstock (either +50 or +80 mesh). Pricing was

based on recent transactions (around the time of the DFS) and provided to Graphex by an independent consultant with relevant expertise in the expandable graphite market.

10.6 Micronised graphite

The strategy to pursue micronised graphite has a number of advantages:

- Natural flake graphite feedstock to produce micronised graphite is -100 mesh, 95% LOI, which is also a graphite product competing with Chinese suppliers and Syrah Resources Limited and is therefore more likely to attract low prices;
- Micronisation equipment is relatively low capital cost (even so, it is proposed as a second phase following commissioning of the main Chilalo Project plant); and
- Significant value uplift is achievable (weighted average sales price for standard purity micronised graphite based on Graphex's targeted product mix increased to US$2,802/t FOB Port compared with significantly lower prices for selling -100 mesh concentrate into China).

A large number of micronised graphite customers were identified and the detailed technical specifications of the five standard products sought by customers. Whilst contract size is relatively small in comparison, the substantial uplift in value has the potential to significantly increase margins.

Micronisation equipment product trials were identified with a milling equipment supplier that provides a fully automated, programmable processing system that can achieve up to a ~1.5% improvement in finished product purity. The preferred milling system achieves a yield of ~ 95% on average from the original feedstock with the ability to achieve five industry-standard micronised grades to meet market specifications.

The DFS assumes that a micronisation unit capable of producing ~8,000 tonnes of micronised graphite (based on the targeted product mix) is funded out of cash flows, with construction commencing at the beginning of year 1 (ie 12 months after construction of the main plant is complete allowing sufficient time for calibration and commissioning).

The DFS has assumed a ramp-up of micronised graphite sales aligned with conservative qualification timeframes such that the 8,000-tonne production level is not reached for 5 years. Capital and operating costs for the DFS have been provided by the equipment manufacturer.

Two of the five standard industry grades have been targeted for in-house evaluations and subsequent customer testing. The customer information obtained will be used in creating technical specifications for micronised flake graphite products from Chilalo for future development.

An independent consultant with over 15 years' experience in the micronised graphite industry was worked with in connection with the DFS, with pricing being based on recent transactions (around the time of the DFS). The preferred fine milling equipment for micronised graphite production is capable of producing all five targeted products. Table 7 below shows the targeted product mix within the five standard micronised graphite products and the average sales price assumed for the DFS.

Table 7: Standard Purity Micronised Graphite – Product Mix and Average Sales Price

Product	Price (US$/t)	Product Mix	Average Sales Price (US$/t) FOB
Product 1	1,620	40%	648
Product 2	2,429	10%	243
Product 3	3,555	35%	1,244
Product 4	3,844	10%	384

Product 5	5,646	5%	282
Average Sales Price			**2,802**

11 CAPITAL COST ESTIMATE

The capital cost estimate includes all costs prior to the commencement of production including mine development costs.

In general, the approach is as follows:

- The engineering of the process plant associated infrastructure and the procurement of equipment will be performed by a competent engineering company which will deliver detailed construction drawings and adjudicated equipment selections approved for purchase.
- Equipment will be purchased, with expediting, quality control and logistic control undertaken by the appointed engineer.
- Experienced construction management personnel will perform construction management.
- Construction will be undertaken by local and regional contractors on either a fixed lump sum or rates basis.
- The mine establishment will be executed by a mining contractor under direct contracting arrangements.

The estimate includes all the necessary costs associated with process engineering, design engineering and drafting, procurement, construction and construction management, commissioning of the process facility and associated infrastructure, mining establishment, first fills of plant reagents and consumables, spare parts and working capital required to design, procure, construct and commission all of the facilities required to establish the project.

The estimate is based upon preliminary engineering, quantity take-offs, budget price quotations for major equipment and bulk commodities. Unit rates for installation were based on market enquiries specific to the project and benchmarked to those achieved recently on similar projects undertaken in the African minerals processing industry.

The estimate is quoted in third quarter 2019 United States Dollars (US$) to a level of accuracy of ±15%. It is based on the owner's costs for the Project being inclusive of salaries, messing and accommodation, flights, equipment hire, communications and project insurances. Owner's Costs are included in the capital cost estimate.

The capital cost estimate is summarised in Table 8.

Table 8 - Capital cost estimate – Chilalo flake graphite concentrate plant

Capital Costs	US$M
Bulk earthworks	1.4
Process plant	41.8
Tailings storage facility	6.2
Raw water supply	0.2
Roads	1.3
Mining (incl pre-strip)	4.5
Land access and resettlement	1.4
EPCM	9.7

Capital Costs	US$M
Owner's costs	7.9
Other	5.2
Contingency	7.8
Total Capital Summary	**87.4**

11.1 Micronised graphite

The DFS assumes that fine milling equipment, buildings and services and associated packaging systems are installed from the beginning of the second year of operations.

The additional capital cost for micronised graphite equipment, buildings and services is US$2.0M. Equipment and packaging equipment has been quoted by the equipment supplier whilst GR Engineering Services has provided the cost estimate for the building and services. An allowance has also been included for ensuring the micronisation production is ISO certified.

11.2 Expandable graphite

Due to leveraging off the processing agent's plant capacity, the expandable graphite strategy pursued by Graphex requires no capital cost.

11.3 Sustaining capital estimate

The requirement for capital expenditure over the life of the Project that is not covered in this estimate is captured in the sustaining capital cost estimate. These sustaining capital costs are summarised in the table below and are estimated to an accuracy of ±15%.

Table 9: Sustaining capital estimate

Description	Life of mine (US$M)
Tailings storage facility lifts	18.0
Roads	1.1
Water evaporator system	1.7
Total sustaining capital	**20.7**

12 OPERATING COST ESTIMATE

12.1 Flake graphite

The Study estimates a life of mine operating cost of US$778/t for flake graphite concentrate. Mining costs are based on a contractor mining scenario, product logistics costs have been quoted from a reputable Tanzanian logistics contractor and GR Engineering Services have provided the operating costs for the process plant.

Table 10: Life of mine C1 operating costs FOB – flake graphite concentrate

Description	US$/t
Mining	326
General and administration	62
Process plant	274
Product logistics and port charges	94
Sales and marketing	21
Total operating costs	**778**

Sales and marketing costs represent estimates and include sales agency fees, establishment and operation of a China sales office and product inventory warehousing.

12.2 Expandable graphite

The operating costs of expandable graphite production are US$512 per tonne of expandable graphite excluding the internal transfer price of purchasing the graphite feedstock from the mine. This includes the following:

- Sea freight from Tanzania to China;
- Customs clearance, fees and charges and inland transportation to the processing agent's facility;
- All-inclusive processing and packaging costs to produce and package expandable graphite to Graphex customer's required specifications;
- Inland transportation from the processing agent's facility to port, customs clearance, fees and charges; and
- Sales and marketing agent fees.

Expandable graphite pricing in the DFS is FOB Port and therefore, sea freight from China to Europe or USA is not included.

The processing costs above are quoted on the basis of producing a +99% LOI expandable graphite product. The inland transportation costs have been quoted by the processing agent's shipping agent. The processing agent's margin is expected to be the additional expandable graphite produced in addition to the graphite concentrate supplied (ie given 1 tonne of graphite concentrate produces greater than 1 tonne of expandable graphite due to the additional mass of the intercalation / oxidation compounds, the processing agent will keep the excess above 1 tonne as a fee).

12.3 Micronised graphite

The operating costs for Chilalo micronised graphite production are US$383 per tonne of micronised graphite excluding the internal transfer price of purchasing the graphite feedstock from the mine. This includes labour, power, parts, overheads and packaging of the micronised graphite, product logistics within Tanzania and sales and marketing agent fees. Micronised graphite pricing in the DFS is FOB Port and therefore, sea freight from Tanzania to Europe or USA is not included.

The operating costs of the fine milling equipment and associated packaging have been provided by the equipment supplier and are based on their experience with other micronised graphite manufacturers who use their equipment.

13 MINE CLOSURE

A separate conceptual Mine Closure Plan ('**MCP'**) was compiled by a specialist environmental consulting firm, which will guide rehabilitation and closure activities. This MCP has been developed to support the ESIA for the Project. The MCP will be updated every four years during the life of the Project as closure planning progresses. Closure costs for the planned life of mine disturbance are shown in Table 11 below (note that these costs are high level and are based on a conceptual mine closure plan).

Table 11. Life of mine closure cost estimate

Domain	US$M
Open pit	0.1
Waste rock dump	0.5
Tailings storage facility	7.5
Processing and non-processing infrastructure	0.1
Roads and linear infrastructure	0.2
Demolition	2.6
Sub-total: Direct costs	**11.0**
Owners management costs	1.1
Post-closure management costs	0.3
Post-closure/long term support provision	0.7
Sub-total: Indirect costs	**2.1**
Total estimate	**13.1**

The closure cost estimate assumes that progressive rehabilitation will be undertaken throughout the life of the Project and that the remaining closure works will be completed at the end of mine life. The current mine plan incorporates a cost for progressive rehabilitation of the waste rock dump, 90% of which is expected to be completed during operations on an ongoing basis. The progressive rehabilitation is considered to be an operational requirement in order to mitigate any closure-related risks and to manage the water balance for the Project.

The sale of plant and equipment at the cessation of mining and processing operations is often undertaken by mining companies as a means of providing funding for mine closure costs, however any such sale of plant and equipment has not been assumed in the financial analysis of the Project.

The exploration opportunity at Chilalo is significant, with only 10% of the strike length with high conductance anomalies similar to the Chilalo Main Deposit having been drilled. There is confidence that the application of FLEM surveys (as a targeting tool for the strongest conductors) will provide for extensions to mine life. There is also 11.2Mt of high-grade Indicated and Inferred Resources not included in the mine plan. As a result, mine closure costs forecast to be incurred at the end of the current mine life may be deferred.

The MCP has been guided by the following:

- The International Finance Corporation (**IFC**) Environmental Health and Safety Guidelines for Mining;
- The International Council on Mining and Metals Toolkit;
- The Australian Government Leading Practice Sustainable Development Program for the Mining Industry – Mine Closure (2016); and
- The Western Australia Department of Mines and Petroleum Guidelines for Preparing Mine Closure Plans.

14 PERMITTING AND APPROVALS

In assessing and managing environmental and social risks, IFC Performance Standards and the Equator Principles are recognised as the global standard for resources companies and have been adopted by financial institutions globally as a pre-requisite for project finance.

A comprehensive suite of environmental and social studies were concluded, together with accompanying documentation that seeks to align with IFC Performance Standards and the Equator Principles. Finalisation of regulatory, risk management documentation has formed an important part of the DFS. In addition to such documentation, a comprehensive suite of management plans that are central to the DFS have been developed. These documents and plans are set out below.

14.1 Mining and exploration

The mining licence at Chilalo was granted in February 2016. The Mining Licence has a term of 10 years and unless the holder of a mining licence is in default, has failed to produce commercial quantities of minerals, has not developed the mining area with due diligence or in compliance with applicable safety and environmental regulations, a mining licence is renewable for a further 10 years. In addition to the Chilalo Mining Licence, the Chilalo Project includes title to five Prospecting Licences surrounding the Mining Licence, which cover an area of approximately 170.8 km2.

In April 2019, an updated Mine Development Plan was submitted to the Ministry of Minerals. The April 2019 Mine Development Plan is expected to be further updated following completion of the DFS and any commencement of Project development.

14.2 Environmental approvals

In March 2016, the Chilalo Graphite Project was issued with an Environmental Certificate by the National Environment Management Council of Tanzania. Issue of this certificate followed a review of the Environment and Social Impact Assessment ('**2015 ESIA**') for development of Chilalo that was submitted in October 2015. Receipt of the Environmental Certificate was an important approval as it was a pre-requisite for the granting of the Chilalo Mining Licence.

Upon completion of the DFS, the 2015 ESIA was updated, together with supporting documentation, to address gaps in the 2015 ESIA. Preparation of the 2019 ESIA involved carrying out a range of baseline studies, the findings of which were incorporated in the 2019 ESIA:

- Terrestrial fauna and fauna survey;
- Baseline aquatic ecology survey;
- Soils survey and classification;
- Establishment of dust monitoring locations and collection of dust fall-out data for a period of 6 months;
- Additional surface and groundwater quality sampling during May and July 2019 to represent the wet and dry season;
- Archaeological and cultural heritage survey;
- Modelling of dust fall-out and gaseous emissions over the life of the Project;
- Calculation of greenhouse gas emissions from the Project; and
- Modelling of noise and vibration at nearby communities as a result of the Project.

In addition, an overarching Environmental and Social Management System, which included development of a draft Environmental and Social Policy, was developed which will be implemented over the life-of-mine. In response to the environmental impacts that were identified as part of the 2019 ESIA, the following management plans were also developed:

- Environmental and Social Management Plan including the following sub-management plans.
    - Land and Soil Management Plan;
    - Terrestrial Biodiversity Management Plan;
    - Aquatic Biodiversity Management Plan;
    - Site Water Management Plan;
    - Acid and Metalliferous Drainage Management Pan;
    - Noise Management Plan;
    - Vibration Management Plan;
    - Hazardous Substances and Dangerous Goods Management;
    - Domestic and Hazardous Waste Management;
    - Social Impact Management Plan;
    - Community Development Strategy;
    - Stakeholder Engagement Plan;
    - Cultural Heritage Management Plan (CHMP) and Chance Find Procedure; and
    - Conceptual Mine Closure Plan.

The above management plans are likely to be updated prior to construction and developed in more detail, as required. A number of additional plans and procedures will also be developed prior to the commencement of construction, including, but not limited to:

- Blasting management plan;
- Resettlement implementation plan;
- Livelihood restoration plan;
- Community development plan;
- Vegetation clearance procedures;
- Soil stripping and stockpiling procedures;
- Progressive rehabilitation management plan; and
- Emergency response procedures.

14.3 Relocation and compensation

A Relocation Action Plan was completed in 2016 (‘2016 RAP’). The 2016 RAP identified two relatively small hamlets – Rukowe and Ambye – as requiring resettlement prior to the

commencement of development works at Chilalo. The 2016 RAP, which was agreed by local communities and signed off by the Government Valuer in August 2016, set out the policies, procedures and actions through which the impacts of Project development are addressed including management and compensation of resettlement. The 2016 RAP contained an approved compensation valuation of US$0.9 million.

Under the applicable legislation – the Valuation and Valuers Registration Act – where the approved compensation valuation has not been paid within two years of the date of issue, the valuation becomes invalid and a new compensation valuation is required. An updated RAP ('Updated RAP') was commenced in the December Quarter of 2018, which was approved by local communities and signed off by the Government Valuer in August 2019 with an approved compensation valuation of US$1.5 million. The approved compensation valuation has since expired.

14.4 Stakeholder engagement

Stakeholder engagement and involvement formed an essential component of both the 2019 ESIA and the Updated RAP. It served as a platform for interested and affected parties to be informed of the proposed Project and provided stakeholders with the opportunity to present their views and raise issues and concerns that require further assessment during the ESIA process. Consultation was undertaken in with various stakeholders and groups as shown in Table 12.

Table 12. Stakeholder engagement

Stakeholders		Roles/Contribution
Central Government	Ministry of Minerals	Responsible for issuing a Mining License for the Project.
	Ministry of Water and Irrigation.	Enforce laws and regulations for water quality and utilisation, and responsible for issuing water licences in respect of the Project.
	National Environment Management Council (NEMC)	Enforcement of laws and regulations for environmental management and protection, as well as pollution control. Responsible for issuing of environmental certificate for the Project.
Local Government	Lindi Regional Council	In charge of regional community welfare, investment development, environmental management and security.
	Ruangwa District Council	Ensures sound environmental practices are under undertaken during Project development and undertakes environmental monitoring from time to time.
	Mbwemkuru Ward Council	Responsible for Ward administration, community development, social welfare, environment and land management.
	Nangurugai Village Council	Responsible for people's welfare and village development. Responsible for ongoing liaison with the Project.
Project Affected Persons	Lukowe and Ambye Hamlets in Nangurugai Village	Community members located in the footprint of the Project area and may directly be economic or physical displacement.

15 PROJECT IMPLEMENTATION

In formulating the Project Implementation Plan and targeting the shortest possible construction period, priority was given to the utilisation of resources that are familiar with working in Tanzania without compromising safety, quality or schedule. The implementation plan also focuses on the work required to enable construction personnel and contractors the full access they require to do their work.

The design and implementation of the Project will comply with applicable laws and regulations. Where Tanzanian laws and regulations do not cover a specific situation, equivalent industry standards will be applied.

15.1 Contracting strategy

An Engineering and Procurement ('EP') contract is proposed for the engineering design and procurement component, with g equipment and contract orders placed based on the EP recommendations and an owner managed site construction. The EP style contract allows greater input into the design and selection of the process equipment. Further details of the proposed approach are as follows:

- The EP contract is a separate contract that is either fixed price or an incentivised time and materials contract.
- All equipment orders are placed by the Project proponent, but the EP contractor does the design, tender and recommendation for award.
- All site contracts are placed and managed by project personnel, with design, tender and award recommendations developed by the EP contractor.

A summary of the contracting strategy for other key contracts include:

- The power requirement will be met by utilising a specialist power provider who will provide the applicable power generating equipment and associated diesel storage facilities to provide power on a Build Own Operate and Maintain (BOOM) arrangement.
- Bulk earthworks will be done on a unit pricing contract.
- The pre-fabricated administration buildings will be procured directly via a stand-alone supply contract and constructed on site using local labour supervised by the building supplier.
- The accommodation village will be supplied under a build own and operate arrangement.
- Site access road upgrade will be a unit pricing contract with the tender seeking bidders to identify savings if they are also awarded the bulk earthworks contract.
- Tailings storage facility will be done on a unit pricing contract with an external laboratory engaged for quality assurance and ongoing inspections.

16 ADDITIONAL INFORMATION RELEVANT TO THE DFS

16.1 Material assumptions and outcomes from the DFS and optimisation study, including economic assumptions

Appropriate studies for the development of the Chilalo Graphite Project were undertaken by Graphex Mining Limited, CSA Global and a number of suitably qualified independent consultants, experts and contracting firms. Previous studies have been to at least at a PFS level standard. The DFS completed by Graphex Mining Limited is for a processing facility of 500ktpa ROM throughput, producing a coarse flake graphite product. This production scenario forms the basis of this Ore Reserve estimate.

The Chilalo resource has a distinct signature , possessing specific metallurgical and chemical attributes ideally suited for foils, fire-retardants, engineered products, lubricants, and thermal drilling fluids. As flake graphite is not an exchange-traded commodity the prices are negotiated directly between buyer and seller. Independent information regarding graphite pricing and market supply/demand is therefore difficult to come by as it's treated as the intellectual property of suppliers and customers. Flake graphite is not a commoditised or homogeneous product. It comes in many different sets of specifications, each with unique characteristics. As a result, there are wide-ranging uses of the different mesh sizes and purity levels of flake graphite. The physical and chemical properties of each flake graphite 'signature' are unique from one mine to another. Potential customers will therefore require graphite suppliers to qualify their products directly with customers. This process begins with customer test work on laboratory samples. These attributes are expected to produce a high-value product suitable for high-tech and higher priced applications. Market studies have utilized price estimates for Chilalo product from several independent sources including Benchmark Mineral Intelligence, Roskill and Industrial Minerals. Pit optimisations have been carried out using a fixed graphite price and set of parameters agreed with CSA Global. Selling costs include government royalties, other royalties and transporting costs.

The geotechnical parameters for the Project have been based on the Chilalo Geotechnical Report supplied by Open House Management Solutions (OHMS) geotechnical consultants. The report represents the geotechnical and stability assessment of pit slopes for the Chilalo Graphite Project. The specified parameters have been used in both the optimisation and design of the Chilalo open pit.

16.2 Criteria used for classification, including classification of Mineral Resources on which Ore Reserves are based and confidence in modifying factors

Classification of the Mineral Resource estimates was carried out considering the level of geological understanding of the deposit, quality of samples, density data, and drill hole spacing. The Mineral Resource estimate has been classified in accordance with the JORC (2012) Code using a qualitative approach.

The Mineral Resource is classified as an Indicated Mineral Resource for those volumes where in the Competent Person's opinion there is adequately detailed and reliable, geological and sampling evidence, metallurgical testing result data and supported by geophysical electro-magnetic modelling data, which are sufficient to assume geological, mineralisation and quality continuity.

The Mineral Resource is classified as an Inferred Mineral Resource where the model volumes are, in the Competent Person's opinion, considered to have more limited geological and sampling evidence, metallurgical testing result data and supported by geophysical electro-magnetic modelling data, which are sufficient to imply but not verify geological, mineralisation and quality continuity.

Petrographic and metallurgical data supports the classification of the Chilalo deposit as an Industrial Mineral Resource.

The Ore Reserves have been classified according to the classification of the Mineral Resource and the status of the Modifying Factors. The status of the Modifying Factors is generally

considered sufficient to support the classification of Probable Reserves. As there is no Measured material in the Resource Model, Indicated Resource is considered for the Ore Reserve. None of the Inferred Resource is included in the Ore Reserve calculation, all the inferred Resource is reported as waste. Analysis on the main economic assumptions within the cash flow model indicate that the Project produces a positive discounted cash flow (DCF) in terms of all operating costs, the current graphite price estimate and selected modifying factors.

16.3 Mining method selected and other mining assumptions, including mine recovery factors and mining dilution factors

The Chilalo open pit mine is planned as a conventional truck and shovel operation, using 40-50t articulated trucks and matching excavators. Operations include drill and blast activities for the majority of the open pit mining. Contractor mining has been assumed for the life of mine. The equipment selection is appropriate for the proposed scale and selectivity of this operation. The selected mining approach is typical for a small to medium scale open pit mining operation.

The geotechnical parameters utilised in the pit design are as per the OHMS recommendations.

Pit ramps have been designed with the following characteristics;

- The dual lane ramps are 15m wide to allow for safe passage of the selected trucks with an allowance for a bund wall on the open side of the ramp and a drain on the inner side.
- The single lane ramps are 10m wide can be used for mining last benches and good bye cuts.
- Gradient of 1:10 is practicable with the proposed mining fleet.
- Ramps exit the pit crest in the direction of both the ROM and waste rock dumps.

Minimum mining width of 30m is maintained for the cutback designs, however minimum 20m of mining width is maintained on normal benches. The waste dump will be progressively rehabilitated to reduce the amount of PAF (Potentially Acid Forming) waste rock exposed throughout the operation.

A fixed value of 10% was used for mining dilution in pit optimisations, production scheduling and cash flow model. A grade of 0% TGC was assumed for dilution material. Dilution for tonnes and grade was also calculated through a dilution skin method and concluded the selected dilution is reasonable.

A fixed value of 95% was used for mining recovery in both optimisations and production scheduling.

16.4 Processing method selected and other processing assumptions, including recovery factors applied and allowance made for deleterious elements

The Chilalo deposit has been subject to various metallurgical test work programs since the initial drill programs were carried out in the last quarter of 2014 to generate samples for metallurgical test work. From the initial drill programs, sampling and compositing was undertaken to generate representative samples to assess the ore's amenability to beneficiation by froth flotation and to identify the nature, flake size and occurrence of the graphite in a selection of drill core samples and flotation products. This testwork program was completed by SGS (Perth) and managed by BatteryLimits with the results supporting the process design and engineering for the 2015 PFS.

Further programs of work were initiated in 2016 and 2017 on samples generated since the PFS was completed, aimed at producing bulk concentrate samples for marketing and additional preliminary testing of oxide ore. In addition, during 2016 a testwork program was undertaken by Suzhou with a focus to produce coarse flake graphite with grades greater than 85% TGC.

In addition, during 2018 a further series of tests were undertaken to optimise coarse flake size recovery. In 2018/2019 a new drill program was undertaken to complete a DFS level testwork program and included additional variability sample from new areas of the expanded resource and a further 40t bulk sample was taken from a series of trenches within the main central zone of the ore body. The key focus of the DFS program included;

- Compilation of global ore body representative samples.
- Testwork program to enable robust flow sheet optimisation in terms of maximise flake size preservation and recovery.
- Production of process engineering input data.
- Variability sample testwork from new areas of the expanded resource.
- Demonstrate robust flowsheet from a bulk sample operation run.
- Generate sufficient product and tailings for additional vendor or downstream testwork and market samples.

A representative testwork program demonstrates that the ore of the Chilalo Graphite Project is favourable to the production of a high-grade graphite product. Results from the metallurgical programs of the Chilalo Graphite Product highlighted the ability to produce grades in excess of 95% TGC.

Metallurgical processing recoveries as based on the test work conducted on samples taken from North, Central and West pit areas. Recoveries used for the optimisation, schedule and cash flow model are shown in Table 13.

Table 13: Metallurgical Recovery

Item	Unit	Value
Metallurgical Recovery North Pit Oxide	%	90.3
Metallurgical Recovery North Pit Fresh	%	96.1
Metallurgical Recovery Central Pit Oxide	%	91.8
Metallurgical Recovery Central Pit Fresh	%	97.5
Metallurgical Recovery West Pit Oxide	%	94.5
Metallurgical Recovery West Pit Fresh	%	96.1

Two base range carbon purities will be offered, with the ability for additional processing to meet customer-specific and market mesh size specifications in the future. It is not commercially feasible or economic to have a wide range of carbon purities. Once commercial production of the base range products has been achieved, production and qualification a high purity (>99% LOI) product will be pursued.

GR Engineering was engaged to complete the DFS study on the processing facility. The DFS estimate includes all the necessary costs associated with process engineering, design engineering and drafting, procurement, construction and construction management, commissioning of the process facility and associated infrastructure, mining establishment, first fills of plant reagents and consumables, spare parts and working capital required to design, procure, construct and commission all of the facilities required to establish the Project. The estimate is based upon preliminary engineering, quantity take-offs, budget price quotations for major equipment and bulk commodities. Unit rates for installation were based on market enquiries specific to the Project and benchmarked to those achieved recently on similar projects

undertaken in the African minerals processing industry. The estimate is quoted in United States Dollars (US$) to a level of accuracy of +/-15% based on the available data. Graphex considered a single stage 500 ktpa processing schedule. The LoM schedule and cost model has been completed on 500 ktpa processing schedule and demonstrated the financial viability of the Chilalo Graphite Project.

The proposed processing plant will include a two stage crushing circuit that will deliver product to a storage bin. Ore will be reclaimed from the storage bin and delivered to a two stage milling circuit. The primary rod mill will operate in closed circuit with a screen. The undersize from the mill product screen will report to a rougher flotation cell for recovery of coarse fast floating graphite. The rougher tail will report to the secondary ball mill operating in closed circuit with cyclones. The undersize from the ball mill cyclones will report to the scavenger cells. The rougher and scavenger concentrate will undergo various stages of cleaning regrinding and screening. Coarse and fine graphite concentrate will be filtered and dried separately. Dry graphite concentrate will be screened into various product sizes and bagged for shipping. Flotation tailings will report to the tailings hopper thickener and then be pumped to the tailing storage facility (TSF). Design throughput rates for the processing plant have been set at 500ktpatpa of open pit ore with production of approximately 50ktpa of graphite. An effective utilisation of 91% has been used for design purposes. Inclusion of an intermediate crushed ore bin and installed standby equipment will enable this utilisation to be achieved.

16.5 Basic cut-off grade applied

The revenue generated from a graphite operation is primarily driven by the flake size distribution of the graphite product. The flake proportion over a series of size categories determines the average sales price of the graphite product. The carbon grade (TGC) is not directly related to the flake size.

The Mineral Resource is reported for blocks above a lower cut-off grade of 2% TGC. Ore reserve hasn't used a particular cut-off grade for Indicated Resource. The cut-off between ore and waste has been determined by net value per block. A total block revenue is estimated for each block within the block model, accounting for total graphite recovered to a payable product as well as the graphite product price. Total block costs are estimated for all operating costs to the point of sale including processing, product haulage, crusher feed, general and administration, ore differential, sustaining capital, selling costs, and grade control costs. The total block revenue minus the total block costs estimate the net value per block. Any block returning a positive net value has been defined as "ore" for the purposes of pit design and production scheduling. The blocks with potential for inclusion into Ore Reserves first had to achieve a block grade greater than or equal to the marginal cut-off grade of each block as well as a resource category status of Measured or Indicated. If this material was within the approved pit design, this was defined as being "processable" and thus was permitted for inclusion within the Ore Reserves.

Project economics from the total Project have been considered at the end of the full Project iteration to confirm that the cut-off criteria support economic operations for the Chilalo Graphite Project.

16.6 Estimation methodology

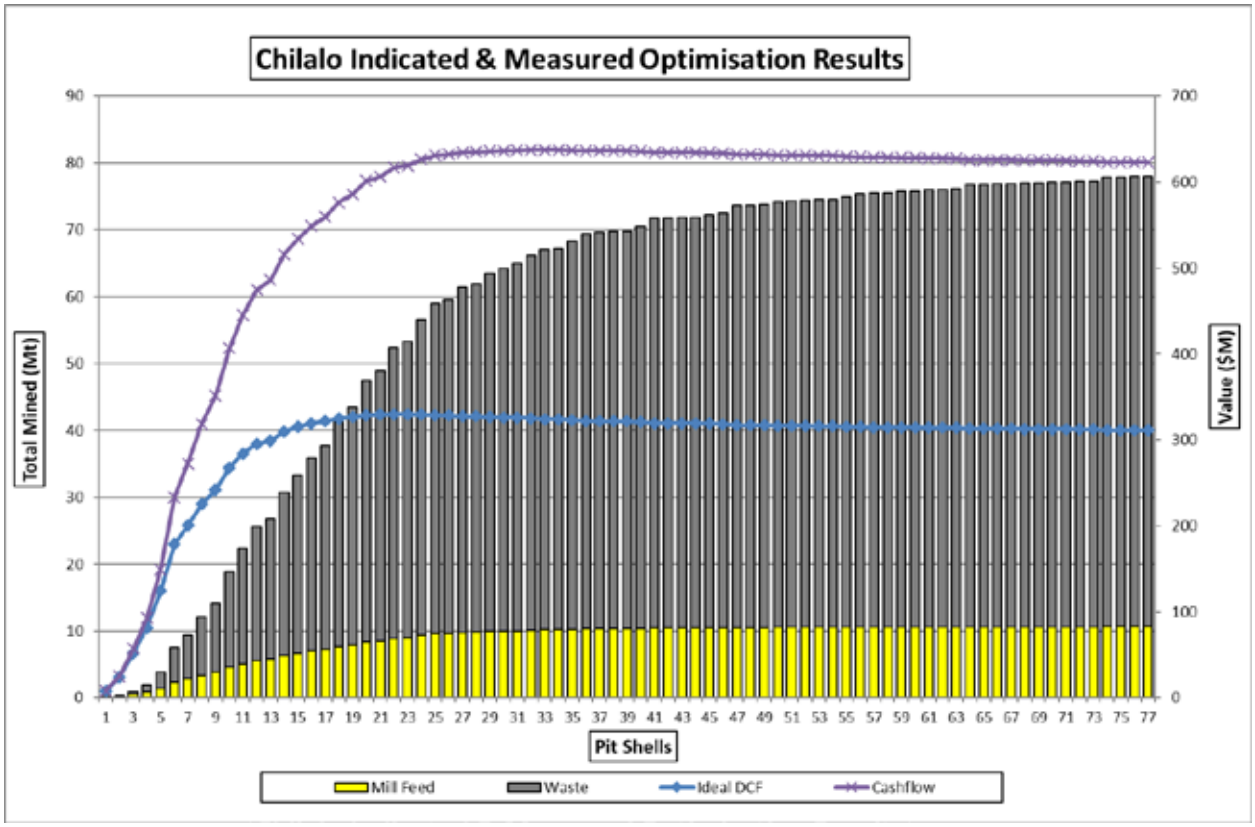
Whittle™ software has been used to generate a series of economic Pit shells for this deposit using the Mineral Resource block model and input parameters as agreed by GPX and CSA Global.

Inferred Mineral Resource is not considered in the pit optimisation. Positive net value method is applied to identify the ore. A mining and production schedule was completed with Inferred Mineral Resource treated as waste and concluded that conversion of Inferred Mineral Resource to processed product is not required for the overall financial viability of the Chilalo Graphite Project.

Using the selected parameters, a set of nested pit shells were produced by the Whittle optimisation software. The pit shells were used to determine trends in mineralisation and/or higher-grade areas which offer a best-case scenario for grade and DCF.

Figure 12 demonstrates the tonnages mined, the Ideal DCF, undiscounted cash flow, strip ratios, and cash costs for the various optimisation pit shells.

Figure 12: Chilalo Optimisation



Pit shells 23 with a Revenue Factor (**RF**) of 0.80 was chosen as the ideal pit shell. This shell maximises the recovery of the currently defined Indicated Resource while applying the selected optimisation parameters. Table 14 summarises the optimisation output.

Table 14: Optimisation Output

Item	Unit	Outputs
Shell	No.	23
Revenue Factor		0.80
Total Mined	Mt	53.3
Waste Mined	Mt	44.3
Strip Ratio	t:t	4.92
Total ROM Feed	Mt	9.0
Indicated Resource in the ROM Feed	Mt	9.0
Percentage of Indicated Resource in the Feed	%	100.0%
Inferred Resource in the ROM Feed	Mt	0
Percentage of Inferred Resource in the Feed	%	0.0%
ROM Feed Grade	%	9.9%
Average Plant Recovery	%	96.4%
Total Graphite Produced	Mt	0.86
Total Graphite Concentrate	Mt	0.91
Operating Costs	US$M	738
Revenue	US$M	1,358
Cash Flow	US$M	619
Worst DCF	US$M	307
Best DCF	US$M	364
Ideal DCF	US$M	330

16.7 Pit Design, Mining Schedule, Cost Model and Sensitivity Checks

Pit Design

Detailed pit designs were completed on updated mining models which form part of the Ore Reserve estimation. The pit design had to achieve a positive cash flow result in order to move into Ore Reserve status. The pit designs were completed with collaboration between GPX and CSA Global staff.

A realistic pit design has been prepared based on the results of the optimisations and incorporating appropriate wall angles, geotechnical berms, minimum mining widths, and access ramps appropriate for the equipment selected. A net value attribute was created in the block model (val_mcog) to calculate the block value (revenue-selling cost-processing cost). Any block with val_mcog positive is considered as ore. Throughout the design process, the pit was checked with block model and selected Whittle shells.

Material within the pit designs has been estimated by intersecting the pit design with the topographical surface within the mining block models. A detailed topographic surface digital terrain model (DTM) generated by modelling a combination of surveyed drill collars, surveyed spot heights and an aerial drone survey was provided to CSA Global. The mining dilution and ore loss factors were applied against the in-situ numbers resulting from this process.

North and West pits were designed with a starter pit and cut back into the final pit. Central pit has a starter pit and 3 cutbacks into the final pit. Figure 13 shows Final Pit and Stage designs. Figure 143 shows Final Pit, Waste Dump and ROM Pad locations.

Figure 13: Chilalo Pit Design

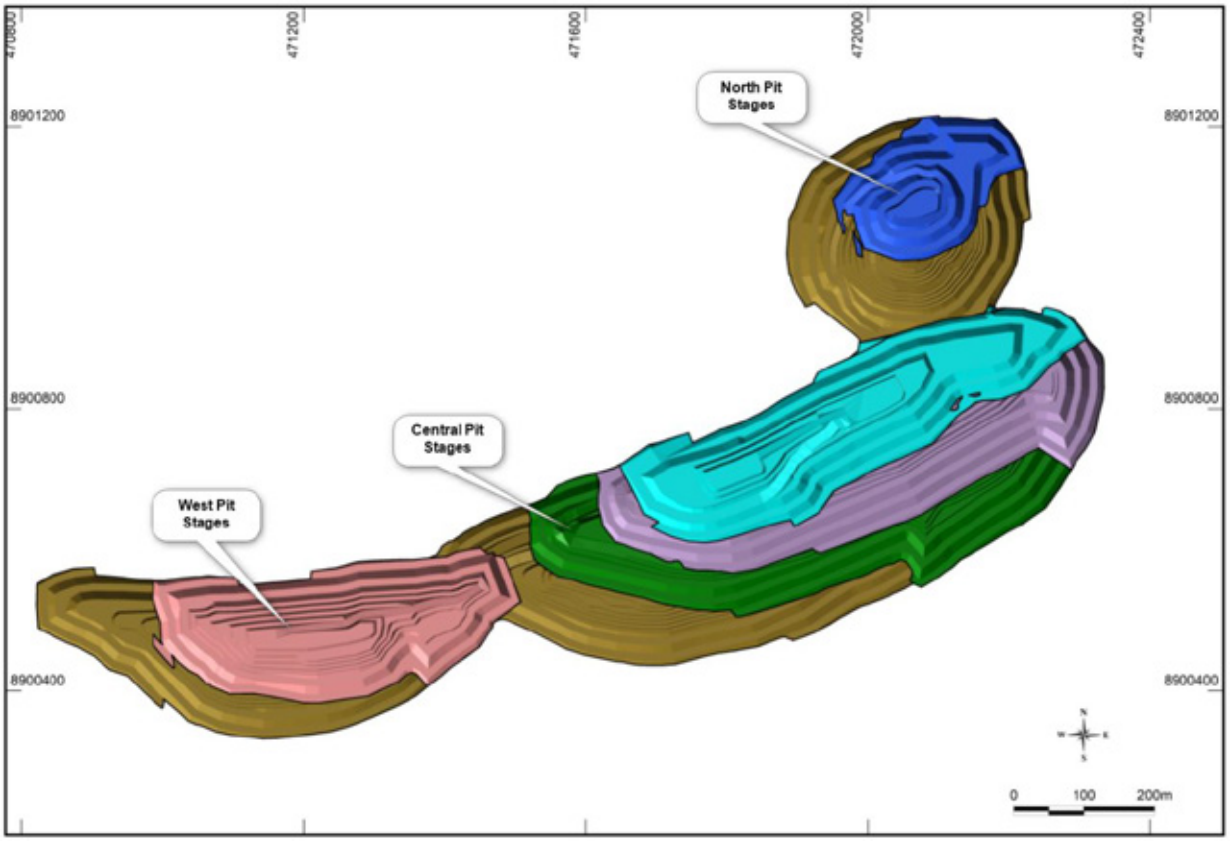
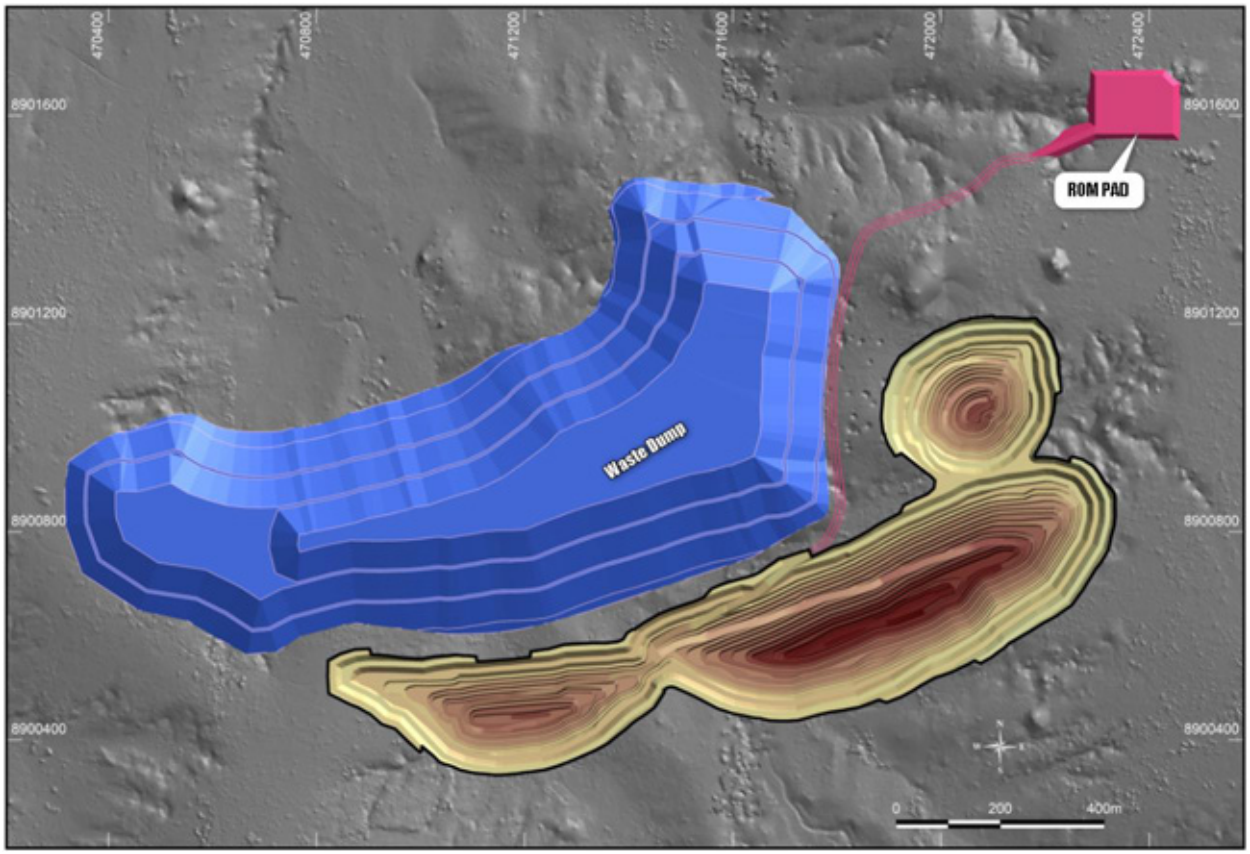


Figure 14: Final Pit, Waste Dump and ROM Pad Designs



The pit design volumes came close to the selected Whittle shell. Table 15 shows the comparison of Whittle shell with the pit design.

Table 15: Pit Design and Whittle Comparison

	Total mined	Waste	Total ROM feed	ROM Feed	Average Grade
	(t)	(t)	(t)	(t)	%
Final Pit Design	53,515,488	44,593,060	8,922,428	8,922,428	9.92%
RF 0.80 Optimisation	53,302,689	44,297,944	9,004,745	9,004,745	9.90%
Variance	0.40%	0.67%	-0.91%	-0.91%	0.21%

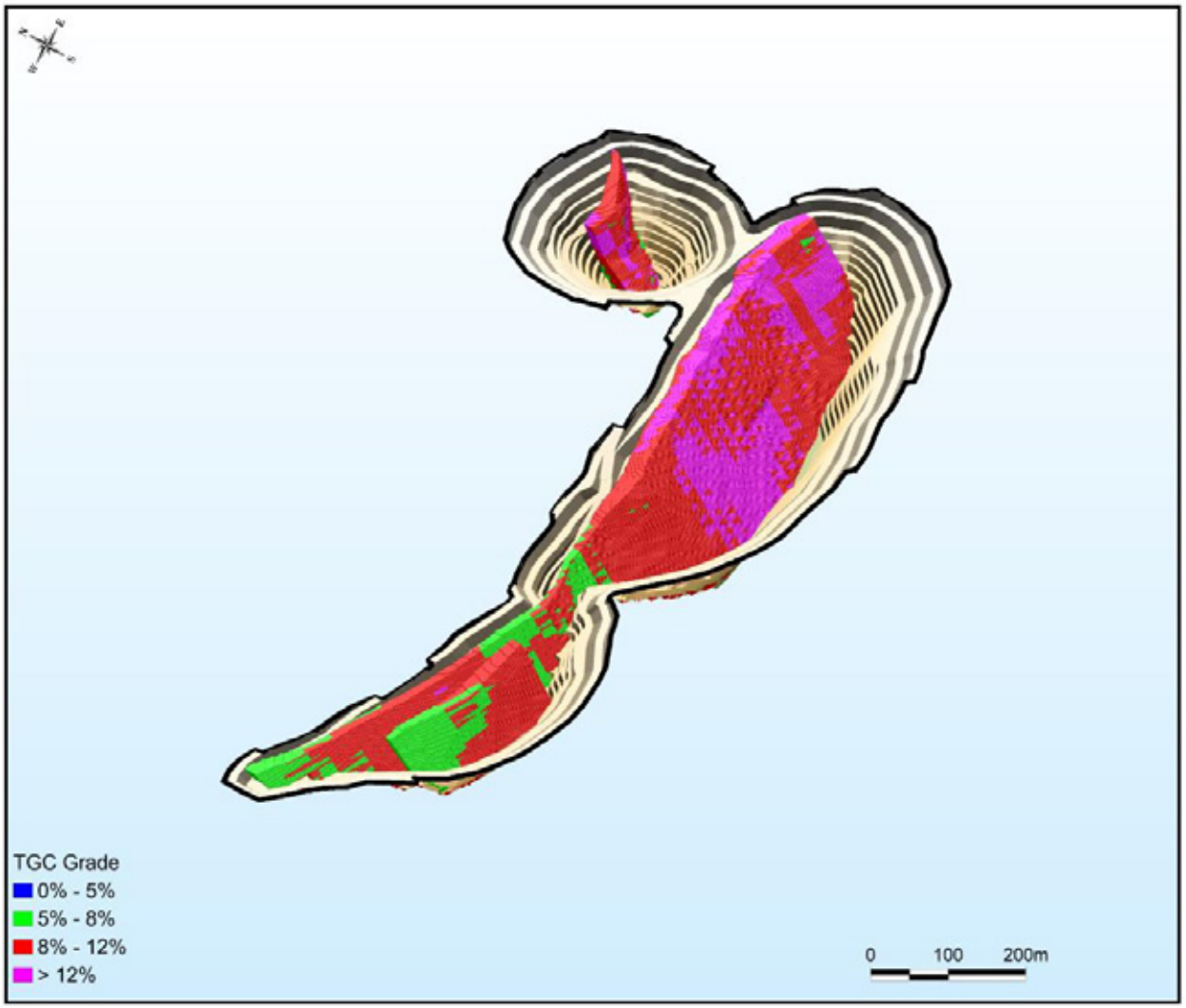
LoM Schedule

MineSched™ software was used to produce the following schedule on a monthly basis. Mining rates were applied to suit the proposed processing schedule of 500 ktpa ROM Feed. The schedule was completed with Inferred Mineral Resource treated as waste. Inferred material is approximately 21.3% (11.4Mt) of total movement, in this, 1.1Mt at 7.21% TGC and 10.3Mt at 3.44% TGC.

Processing recovery has been coded in the block model according to the mining location and oxidation. Mining recovery of 95% and mining dilution of 10% is applied in the schedule.

Any Indicated Resource returning a positive net block value within the pit design deemed as processable. The ROM Feed is divided in to four grade bins to achieve consistent Feed grade and maximise the cash flow. Figure 15 shows the ROM Feed within the Pit. Central Pit has been prioritised due to better grade and lower strip ratio.

Figure 15: ROM Feed by Grade



To maximise the cash flow West and North Pit is mined with two stages and Central pit with four stages. Figure 16 shows the individual pit movements in tonnes. Mining commences in Central Pit. Mining in the Central Pit is prioritised as it has better grade. Total material movement by different material classes are shown in Figure 17. It can be seen that some Inferred Resource is available in the pit. All the Inferred Resource is considered as waste in the reserve schedule and financial model.

Figure 16: Total Tonnes Mined by Pit

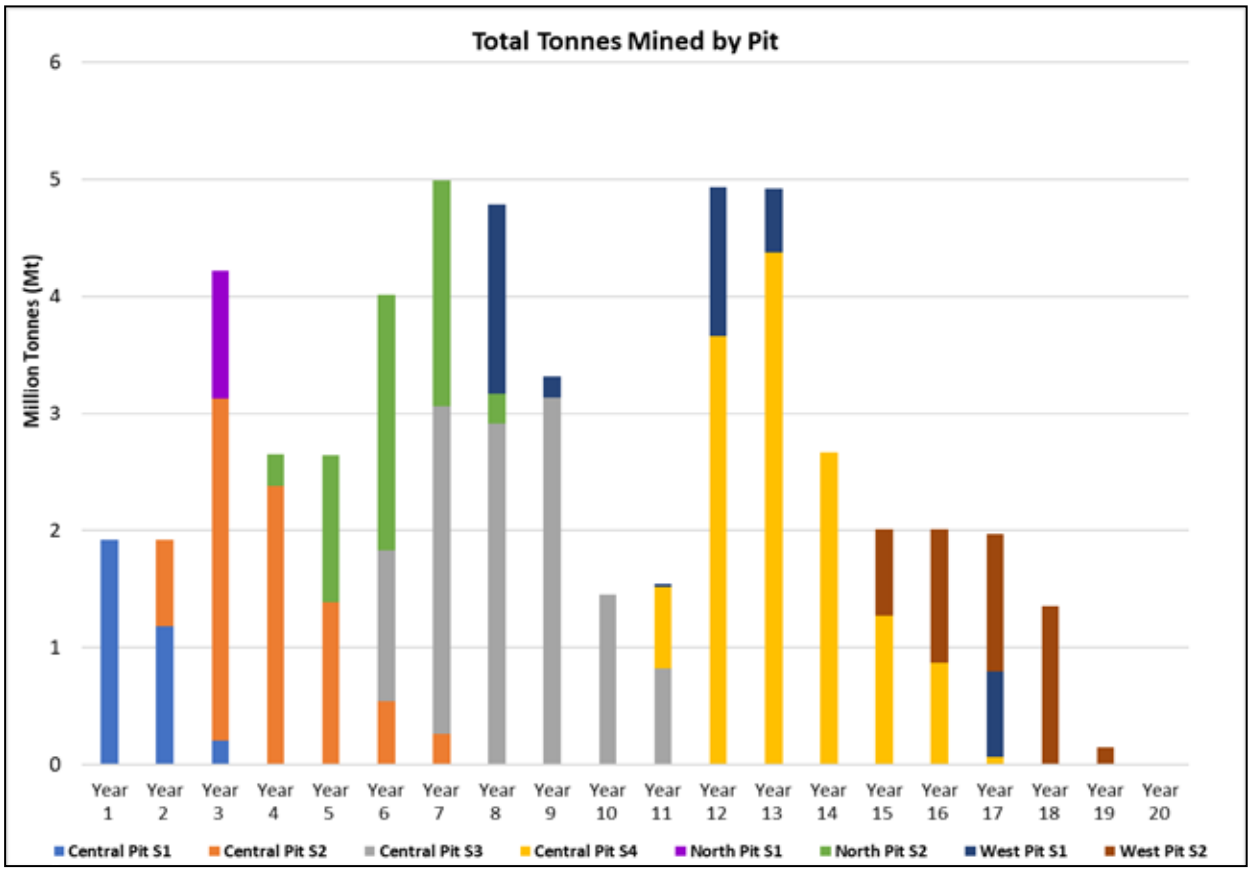
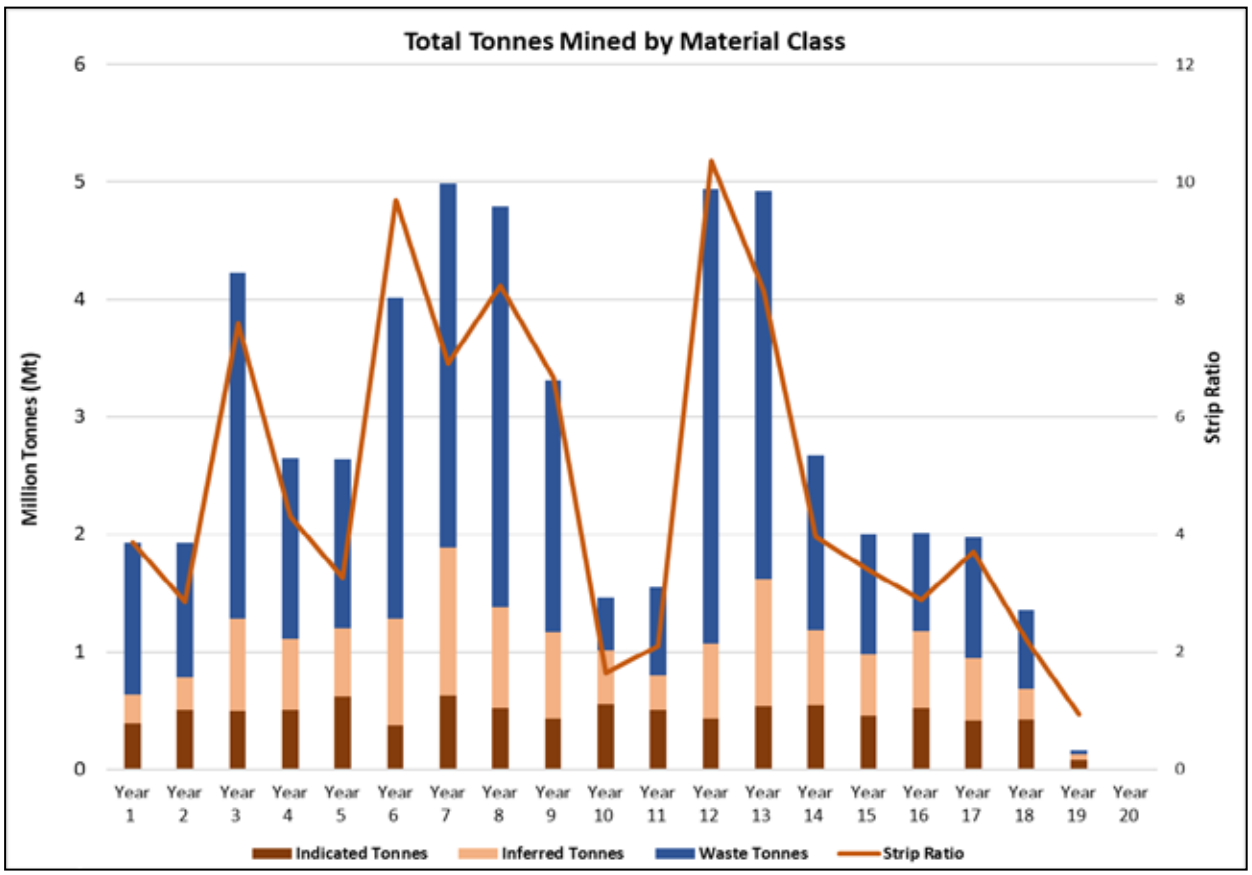


Figure 17: Total Tonnes Mined by Material Class



Total ore tonnes mined by grade is shown in Figure 18 and Figure 19 shows the processing schedule.

Figure 18: Total Ore Tonnes Mined by Grade

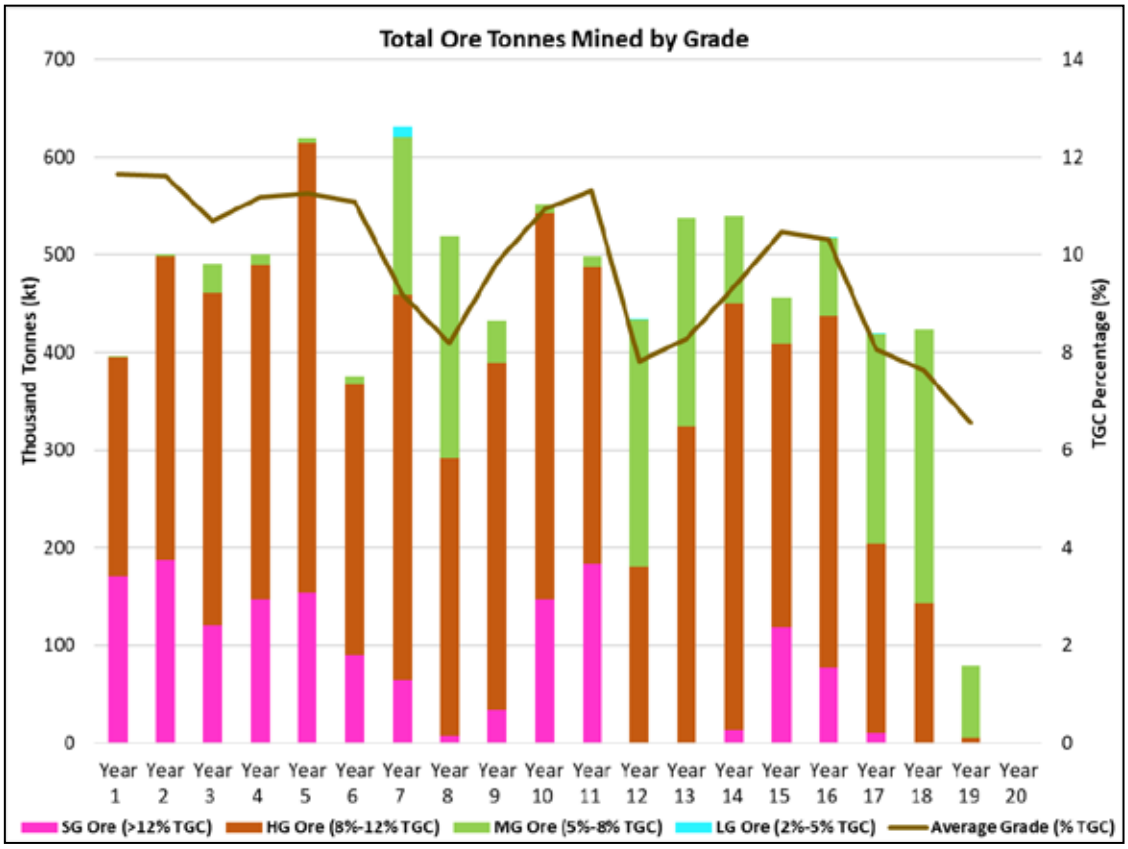
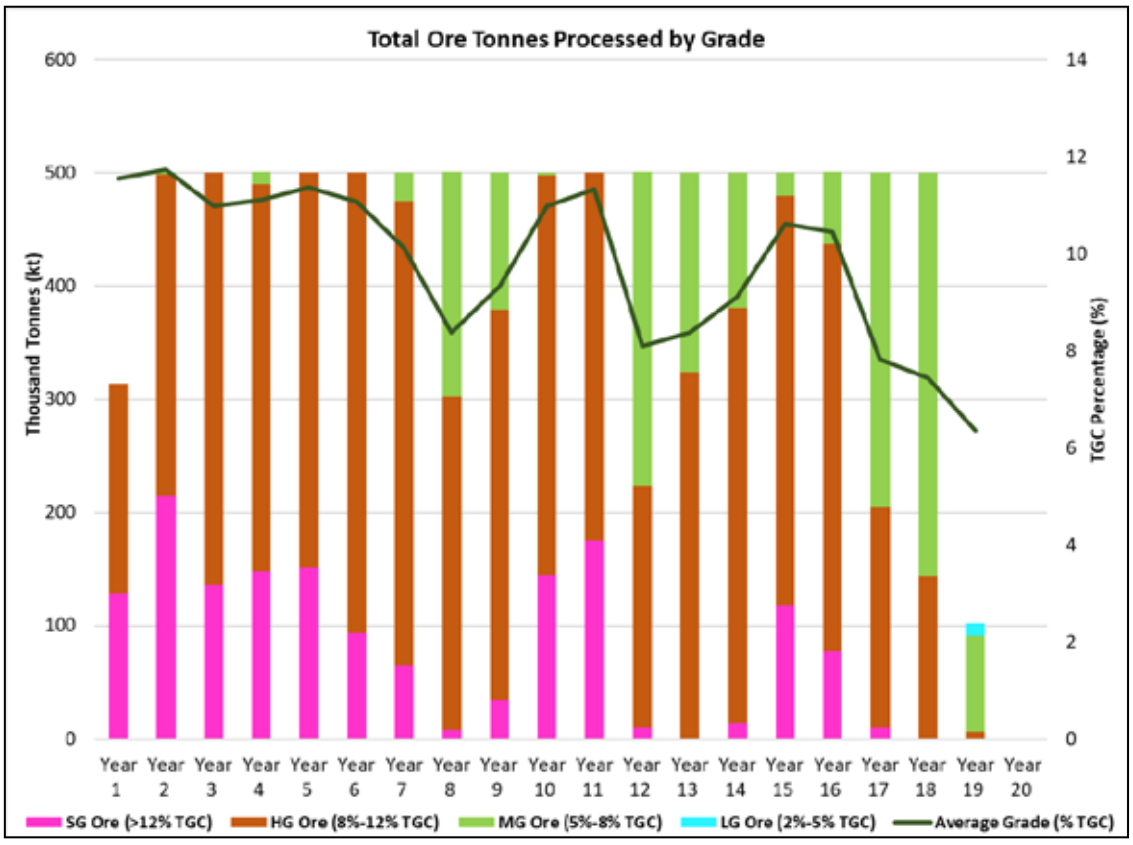


Figure 19: Total Ore Tonnes Processed by Grade



16.8 Financial Model and Sensitivity Checks

Capital and operating costs estimated to a minimum PFS level of confidence have been applied to the planned activities. The revenue assumptions are based on a market report, in conjunction with other assessments. The cash flow model has been generated solely for ore reserve studies.

The cost inputs and the modifying factors used for the optimisation are also used in the cash flow model. The NPV was calculated using a 10% discount rate applied at the beginning of each year from the commencement of processing operations. Potential equipment leasing or alternative funding arrangements could significantly impact the reported NPV, and these will be addressed during a later operational optimisation process.

Sensitivity analysis was done for the metal price, metallurgical recovery, operating cost, capital cost and discount rate. The project NPV remains positive for the tested sensitivity between +20% and -20%. The sensitivity analysis completed indicates that the project results are most sensitive to commodity price and then to the metallurgical recovery. The project Net Present Value (NPV) remains positive for a price variance down by -29% and metallurgical recovery variance down by -33%. The project has a positive NPV until the operating costs are increased by +68%. The NPV remains positive for the tested discount rate variance between 0% pa and 20% pa.

16.9 Material modifying factors, including status of environmental approvals, mining tenements and approvals, other government factors and infrastructure requirements for selected mining method and transport to market

Material modifying factors including land access, infrastructure requirements, and logistics have been addressed in the Chilalo Graphite Project DFS to an adequate level of confidence for a Probable Ore Reserve. The environmental approval process for the Chilalo Graphite Project has been completed along with the environmental certificate, signed by the Minister responsible for the Environment, issued on 2nd November 2016. Following the issue of the environmental certificate, the mining license application was submitted and obtained in February 2017. As part of the preparation of the DFS, an updated ESIA was submitted to the Tanzanian Government in December 2019.

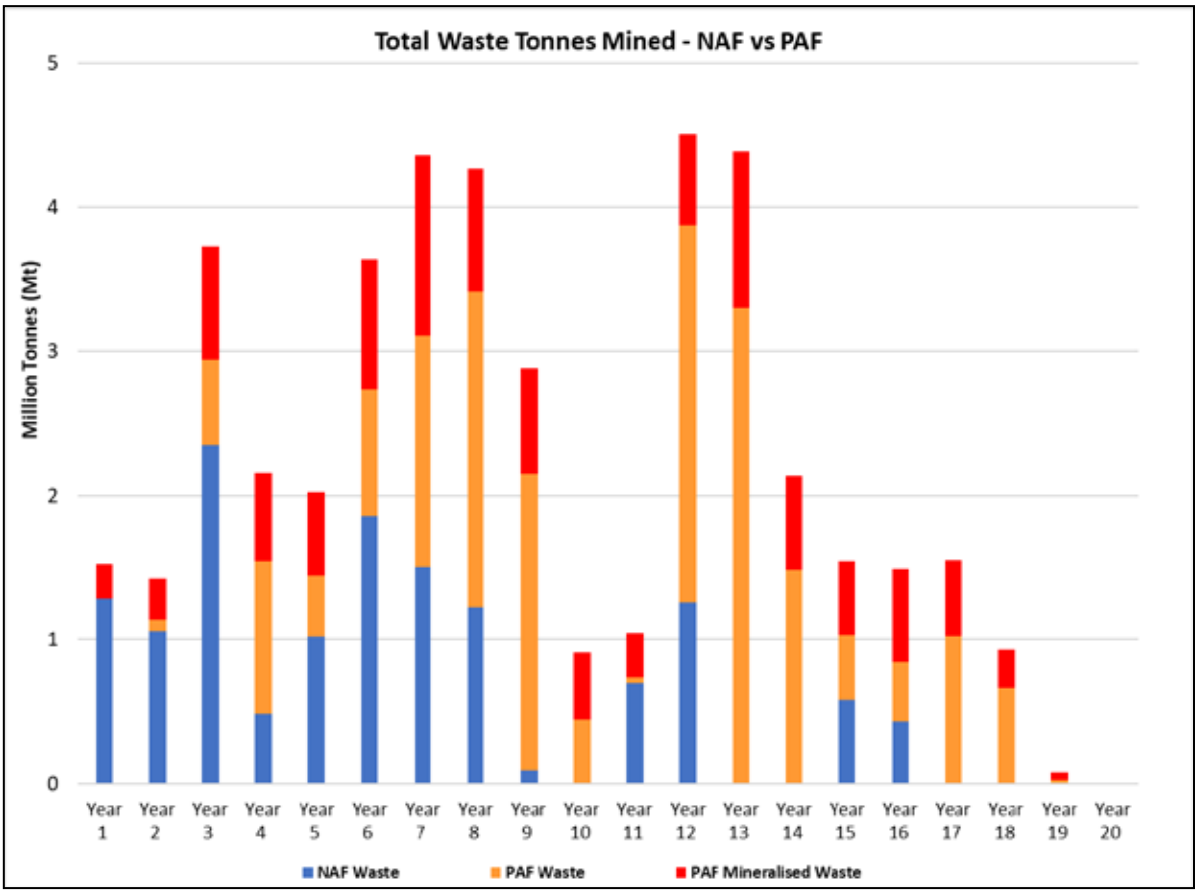
Infrastructure requirements are detailed in the DFS and consist of process plant and associated equipment such as the power station and office facilities; tailings storage facility; mine and waste dumps; water supply bore field and pipe routes; access roads within the plant and the Project site; camp facilities complete with dedicated services. Access to the Project is via both sealed and unsealed road from the Mtwara Port. Engagement with local communities is proposed to be part of the process in road design and road management practices for Project staff and contractors. Two options for export of the graphite product have been assessed. Alistair Logistics, a local Tanzanian logistics group, has provided detailed options for delivery of product to either Dar es Salam Port or Mtwara Port. The DFS has assumed that the majority of the graphite product will be exported via the Port of Mtwara.

Mine Waste Management Pty Ltd (MWM) has conducted the study for the management of acid and metalliferous drainage (AMD) generating waste rock within the proposed waste rock dump (WRD) at the Chilalo Graphite Project (the Project). MWM provided an AMD management design philosophy for the Chilalo WRD. Most of the material within the pit shell is acid forming and/or potentially metalliferous. Figure 20 shows the NAF (Non Acid Forming) & PAF (Potentially Acid Forming) material production throughout the mine life. The following WRD design strategies are recommended for the project:

- Control all WRD toe seepage so that it reports to the TSF footprint;
- Placement of NAF oxide waste rock around the outer perimeter and final upper surface of the WRD to encapsulate PAF waste rock and reduce oxygen ingress.
- Material segregation based on geochemical (NAF vs PAF) classification, with higher risk materials being encapsulated by lower risk materials (this approach will be assessed during the detailed design phase);

- Managing of physical WRD properties by placing waste rock using an alternating paddock dumping approach and 2 m high lift methods to minimise oxygen ingress by advection;
- Water management to prevent run-on water to the WRD; and
- Incorporation of controls to direct WRD seepage towards the TSF into the WRD design philosophy.

Figure 20: NAF and PAF Material Mined from Chilalo Pit



Corporate Directory

DIRECTORS

Trevor Benson
Executive Chairman

Michael Bourguignon
Executive Director

Phil Hoskins
Non-Executive Director

Amanda van Dyke
Non-Executive Director

COMPANY SECRETARY

Stuart McKenzie

JOINT LEAD MANAGERS

Chieftain Securities (WA) Pty Ltd
1202 Hay Street, West Perth WA 6005

Ashanti Capital Pty Ltd
Level 2, 44A Kings Park Road, West Perth WA 6005

SOLICITORS (AUSTRALIAN LAW)

King & Wood Mallesons
Level 30, 250 St Georges Terrace, Perth WA 6000

SOLICITORS (TANZANIAN LAW)

Bowmans Tanzania Limited
2nd Floor, The Luminary,
Cnr Haile Selassie and Chole Roads
Masaki, Dar es Salaam
PO Box 78552, Dar es Salaam, Tanzania

AUDITOR*

BDO Audit (WA) Pty Ltd
38 Station Street, Subiaco WA 6008

REGISTERED OFFICE

Level 1, Emerald House,
1202 Hay Street West Perth WA 6005

Telephone: 08 9200 3426
Email: info@EV1minerals.com.au
Website: www.evolutionenergyminerals.com

PROPOSED ASX CODE

EV1

INVESTIGATING ACCOUNTANT

PricewaterhouseCoopers Securities Ltd
Brookfield Place
125 St Georges Terrace
Perth WA 6000

TECHNICAL EXPERT

CSA Global Pty Ltd
Level 2, 3 Ord Street
West Perth WA 6005

SHARE REGISTRY*

Automic Registry Services
Level 5, 126 Philip Street
Sydney NSW 2000

*These entities are included for informational purposes only.
They have not been involved in the preparation of this Prospectus.


EVOLUTION
ENERGY MINERALS

GENERAL OFFER APPLICATION FORM

Your Application Form must be received by no later than:
1 November 2021
(unless extended or closed earlier)

Evolution Energy Minerals Limited
ACN 648 703 548

For an offer of 110,000,000 New Shares at a price of $0.20 per New Share to raise A$22,000,000 (before costs and expenses). Applicants must apply for a minimum of 10,000 New Shares representing a minimum investment of A$2,000. Applicants applying for additional New Shares must apply for New Shares in multiples of 2,500 (representing an additional investment of A$500).

Application Options:

Option A: Apply Online and Pay Electronically (Recommended)

Apply online at: https://investor.automic.com.au/#/ipo/evolutionenergy

- ✓ **Pay electronically:** Applying online allows you to pay electronically, for Australian residents through **BPAY®** or **EFT** (Electronic Funds Transfer). Overseas applicants in permitted jurisdictions can also pay electronically through EFT.
- ✓ **Get in first, it's fast and simple:** Applying online is very easy to do, it eliminates any postal delays and removes the risk of it being potentially lost in transit.
- ✓ **It's secure and confirmed:** Applying online provides you with greater privacy over your instructions and is the only method which provides you with confirmation that you're Application has been successfully processed.

To apply online, scan the barcode to the right with your tablet or mobile device or you can enter the URL above into your browser.

Option B: Standard Application and Pay by Cheque

Enter your details below (clearly in capital letters using pen), attach cheque and return in accordance with the instructions on page 2 of the form.

1. Number of New Shares applied for ___,___,___ **Application payment (multiply box 1 by $0.20 per New Share)** A$ ___,___,___.___

2. Applicant name(s) and postal address (Refer to Naming Standards overleaf)

Post Code:

3. Contact details

Telephone Number ( )

Contact Name (PLEASE PRINT)

Email Address

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible).

4. CHESS Holders Only – Holder Identification Number (HIN)

X

Note: if the name and address details in section 2 does not match exactly with your registration details held at CHESS, any New Shares issued as a result of your Application will be held on the Issuer Sponsored subregister.

5. TFN/ABN/Exemption Code

Applicant #1 | Applicant #2 | Applicant #3

If NOT an individual TFN/ABN, please note the type in the box
C = Company; P = Partnership; T = Trust; S = Super Fund

YOUR PRIVACY

Automic Pty Ltd (ACN 152 260 814) trading as Automic Group advises that Chapter 2C of the Corporation Act 2001 requires information about you as a securityholder (including your name, address and details of the New Shares you hold) to be included in the public register of the entity in which you hold New Shares. Primarily, your personal information is used in order to provide a service to you. We may also disclose the information that is related to the primary purpose and it is reasonable for you to expect the information to be disclosed. You have a right to access your personal information, subject to certain exceptions allowed by law and we ask that you provide your request for access in writing (for security reasons). Our privacy policy is available on our website – www.automic.com.au

AUTOMIC GROUP

CORRECT FORMS OF REGISTRABLE TITLE

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual	Mr John Richard Sample	J R Sample
Joint Holdings	Mr John Richard Sample & Mrs Anne Sample	John Richard & Anne Sample
Company	ABC Pty Ltd	ABC P/L or ABC Co
Trusts	Mr John Richard Sample <Sample Family A/C>	John Sample Family Company
Superannuation Funds	Mr John Sample & Mrs Anne Sample <Sample Family Super A/C>	John & Anne Superannuation Fund
Partnerships	Mr John Sample & Mr Richard Sample <Sample & Son A/C>	John Sample & Son
Clubs/Unincorporated Bodies	Mr John Sample <Health Club A/C>	Health Club
Deceased Estates	Mr John Sample <Estate Late Anne Sample A/C>	Anne Sample (Deceased)

INSTRUCTIONS FOR COMPLETING THE FORM

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

This is an Application Form for fully paid ordinary Shares (**New Shares**) in Evolution Energy Minerals Limited ACN 648 703 548 (**Company**) made under the terms set out in the prospectus dated 28 September 2021, as supplemented by a supplementary prospectus dated 6 October 2021 (collectively, the Prospectus).

Capitalised terms not otherwise defined in this document has the meaning given to them in the Prospectus. The Prospectus contains important information relevant to your decision to invest and you should read the entire Prospectus before applying for New Shares. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus and any supplementary Prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary Prospectus (if applicable) and an Application Form, on request and without charge.

1. **New Shares Applied For & Payment Amount** - Enter the number of New Shares & the amount of the Application Monies payable you wish to apply for. Applications must be for a minimum of 10,000 New Shares at $0.20 per New Share (i.e. for a minimum subscription amount of $2,000). A larger number of New Shares may be applied for in multiples of 2,500 New Shares.
2. **Applicant Name(s) and Postal Address** - ONLY legal entities can hold New Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable by the Company. At least one full given name and surname is required for each natural person. Refer to the table above for the correct forms of registrable title(s). Applicants using the wrong form of names may be rejected. Next, enter your postal address for the registration of your holding and all correspondence. Only one address can be recorded against a holding.
3. **Contact Details** - Please provide your contact details for us to contact you between 9:00am and 5:00pm (AWST) should we need to speak to you about your application. In providing your email address you elect to receive electronic communications. You can change your communication preferences at any time by logging in to the Investor Portal accessible at https://investor.automic.com.au/#/home
4. **CHESS Holders** - If you are sponsored by a stockbroker or other participant and you wish to hold New Shares allotted to you under this Application on the CHESS subregister, enter your CHESS HIN. Otherwise leave the section blank and on allotment you will be sponsored by the Company and a "Securityholder Reference Number" ('SRN') will be allocated to you.
5. **TFN/ABN/Exemption** - If you wish to have your Tax File Number, ABN or Exemption registered against your holding, please enter the details. Collection of TFN's is authorised by taxation laws but quotation is not compulsory and it will not affect your Application.
6. **Payment** - Payments for Applications made using a paper Application Form can only be made by cheque. Your cheque must be made payable to "Evolution Energy Minerals Limited" and drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable". Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid. Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured. Completed Application Forms and accompanying cheques must be received before 3:00pm (AWST) on the Closing Date by being delivered or mailed to the address set out in the instructions below.

   Applicants wishing to pay by BPAY® or EFT should complete the online Application, which can be accessed by following the web address provided on the front of the Application Form. Please ensure that payments are received by 3:00pm (AWST) on the Closing Date. Do not forward cash with this Application Form as it will not be accepted.

DECLARATIONS

BY SUBMITTING THIS APPLICATION FORM WITH THE APPLICATION MONIES, I/WE DECLARE THAT I/WE:

- Have received a copy of the Prospectus, either in printed or electronic form and have read the Prospectus in full, including any supplementary Prospectus;
- Have completed this Application Form in accordance with the instructions on the form and in the Prospectus;
- Declare that the Application Form and all details and statements made by me/us are complete and accurate;
- I/we agree to provide further information or personal details, including information related to tax-related requirements, and acknowledge that processing of my application may be delayed, or my application may be rejected if such required information has not been provided;
- Agree and consent to the Company collecting, holding, using and disclosing my/our personal information in accordance with the Prospectus; and
- Where I/we have been provided information about another individual, warrant that I/we have obtained that individual's consent to the transfer of their information to the Company.
- Acknowledge that once the Company accepts my/our Application Form, I/we may not withdraw it;
- Apply for the number of New Shares that I/we apply for (or a lower number allocated in a manner allowed under the Prospectus);
- Acknowledge that my/our Application may be rejected by the Company in its absolute discretion;
- Authorise the Company and their agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the New Shares to be allocated;
- Am/are over 18 years of age;
- Agree to be bound by the Constitution of the Company;
- Have received all necessary and relevant approvals to be allotted and issue New Shares under the Prospectus; and
- Acknowledge that neither the Company nor any person or entity guarantees any particular rate of return of the New Shares, nor do they guarantee the repayment of capital.

LODGEMENT INSTRUCTIONS

The Offer opens on 7 October 2021 and is expected to close on 1 November 2021. The Directors reserve the right to close the Offer at any time once sufficient funds are received or to extend the Offer period. Applicants are therefore encouraged to submit their Applications as early as possible. Completed Application Forms and payments must be submitted as follows:

Paper Application and Cheque

By Post: **or**

Evolution Energy Minerals Limited
C/- Automic Pty Ltd
GPO Box 5193
SYDNEY NSW 2001

By Hand Delivery:

Evolution Energy Minerals Limited
C/- Automic Pty Ltd
Level 5, 126 Phillip Street
SYDNEY NSW 2000

Online Applications and BPAY® or EFT Payments

Online:

https://investor.automic.com.au/#/ipo/evolutionenergy

ASSISTANCE

Need help with your application, no problem. Please contact Automic on:

PHONE:
1300 288 664 within Australia
+61 (2) 9698 5414 from outside Australia

LIVE WEBCHAT:
Go to www.automicgroup.com.au

EMAIL:
corporate.actions@automicgroup.com.au

Evolution Energy Minerals Limited
ACN 648 703 548

Supplementary Prospectus

IMPORTANT NOTICES

This is a supplementary prospectus (**Supplementary Prospectus**) and is intended to be read with the prospectus issued by Evolution Energy Minerals Limited ACN 648 703 548 and dated 28 September 2021 (**Prospectus**).

This Supplementary Prospectus is dated 6 October 2021 and a copy of this Supplementary Prospectus was lodged with ASIC on that date. ASIC, the ASX and their respective officers take no responsibility for the content of this Supplementary Prospectus.

Other than as set out below, all details of the Prospectus remain unchanged.

Unless otherwise defined, capitalised terms used in this Supplementary Prospectus have the meanings given to them in the Prospectus.

The Company has issued both a printed and electronic version of this Supplementary Prospectus and the Prospectus. Electronic versions of both may be accessed at www.evolutionenergyminerals.com.au.

This is an important document and should be read in its entirety. If you do not understand it, you should consult your professional advisers without delay.

1 Reasons for the Supplementary Prospectus

1.1 Purpose of this document

The Supplementary Prospectus has been prepared to provide investors with additional information in relation to certain risks associated with an investment in the Company.

1.2 No investor action required

As the content of this Supplementary Prospectus is not considered by the Company to be materially adverse to investors, no action needs to be taken by investors.

2 Amendments to the Prospectus

The Prospectus is supplemented by adding the following to the end of Section 5.3:

Tanzanian Government free carry

As outlined in paragraph 4.7 of the Lawyer's Report in Appendix 2, under Tanzanian mining regulations, the Tanzanian Government is entitled to a non-dilutable free carried interest of not less than 16% in the capital of a Tanzanian mining company (**Government FCI**) that conducts mining operations under a Tanzanian mining licence. The Company understands that common practice is for the Tanzanian Government to acquire the Government FCI around the time at which the Tanzanian mining company transitions into mineral production.

As at the date of this Supplementary Prospectus, the Tanzanian Government does not currently own any shares in Ngwena Tanzania (the Tanzanian mining company which owns the Chilalo Project mining licence) and, accordingly, all economics and financial information disclosed in the Prospectus (including the DFS Outcomes) are presented on the basis that the Evolution Group holds 100% of the equity in the Chilalo Project.

In the event that the Company makes a decision to proceed with the development and construction of the Chilalo Project with a view to commencing production, it is expected that Evolution will enter into negotiations with the Tanzanian Government on the structure and nature of the Government FCI in Ngwena Tanzania.

If the Tanzanian Government were to acquire the Government FCI in Ngwena Tanzania, the Company's interest in Ngwena Tanzania (and indirectly, the Chilalo Project) will be diluted and the Company's potential economic benefit from the Chilalo Project will be reduced. The Tanzanian Government will likely hold its Government FCI in Ngwena Tanzania in the form of a special class of share which ensures that the Government FCI is non-dilutable. Additionally, any delay in finalising these negotiations with the Tanzanian Government may delay mining operations (if any) at the Chilalo Project.

Refer to the Lawyer's Report in Appendix 2 for further details.

Tanzanian local participation

As outlined in paragraphs 4.4.6 – 4.4.7 of the Lawyer's Report in Appendix 2, under Tanzanian mining regulations, there is a requirement that an indigenous Tanzanian company must have at least a 5% equity interest (not a free carried interest) in order for a company to qualify for the grant of a mining licence (**Local Participation Requirement**).

An indigenous Tanzanian company is a company incorporated in Tanzania that has:

(a) at least 20% of its equity owned by a citizen (or citizens) of Tanzania; and

(b) Tanzanian citizens holding at least 80% of the executive and senior management positions and 100% of the other positions.

The Minister of Minerals has discretion to vary the Local Participation Requirement where an indigenous Tanzanian company is unable to satisfy the required equity participation and the Company has not sought dispensation to that effect.

As at the date of this Prospectus, Ngwena Tanzania is wholly owned by the Evolution Group and the Company has not obtained dispensation to vary the Local Participation Requirement.

If the Company is required to comply with the Local Participation Requirement in respect of the mining licence held by Ngwena Tanzania (ie ML 569/2017), the Company's interest in Ngwena Tanzania (and indirectly, the Chilalo Project) will be diluted to the extent required to bring the Company into compliance with the Local Participation Requirement. This would reduce the Company's potential economic benefit from the Chilalo Project.

Additionally, should the Company seek to convert any of its existing prospecting licences into mining licences in the future, the Local Participation Requirement is expected to apply to the ownership of such licences.

Refer to the Lawyer's Report in Appendix 2 for further details.

3 Directors' authorisation

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with ASIC and has not withdrawn that consent.

Trevor Benson
Non-Executive Chairman

For and on behalf of Evolution Energy Minerals Limited
6 October 2021